

## General Gowon ousted in his absence by fellow officers

General Gowon, the Nigerian leader, was deposed by fellow officers yesterday while he was attending the summit meeting of the Organization of African Unity in Kampala, Uganda. He was replaced by a brigadier who had

helped him to power in 1966. In Kampala, where the news stunned the OAU conference, there was speculation that General Gowon might soon fly to London. He sent his family to Britain before leaving Lagos.



General Gowon (left) manages a smile as he is told of the coup at the OAU conference.

## Nigeria coup shocks OAU

Lagos, July 29.—General Yakubu Gowon, the Nigerian head of state, was deposed in a military takeover in Lagos today while he was attending the summit meeting of the Organization of African Unity (OAU) in Kampala, Uganda. He was replaced by Brigadier Abacha, a former military officer, who was named as the new head of state. The coup was announced by a radio broadcast from Colonel Mohammedu Buhari, known as a close aide of General Gowon, and a spokesman of the elite Guard's unit, which protected the general in his Lagos headquarters.

Honeymoon could not last 16  
Diary: Stay home 16  
Leading article 17  
UK industry outlook 19

due to step down in 1976, making way for civilian rule. But last October he announced that the military intended to remain in office. Mr. Buhari, who was a former military officer, was named as the new head of state. The coup was announced by a radio broadcast from Colonel Mohammedu Buhari, known as a close aide of General Gowon, and a spokesman of the elite Guard's unit, which protected the general in his Lagos headquarters.

and his Government was considered to be one of the most stable in Africa. His humane attitude towards Biafra after the Nigerian civil war particularly impressed African leaders. Yesterday he made one of the keynote speeches at the opening of the summit. He concluded with the following words: "My advice to you at this stage is to ask you to give your people good government and uplift Africa and mankind."

Colonel Garba spoke of the "happening in the past few days". He did not elaborate the coup, which Colonel Buhari said had been bloodless after months of labour unrest in Africa's populous nation and demands for the creation of new states within the 12-state federation.

Asked whether he condemned the coup, President Amin replied: "I cannot condemn anybody or any country. This is an internal affair of a sister state and I cannot comment."

When the summit resumed this evening to hear a speech by Mr. Yasser Arafat, the leader of the Palestinian Liberation Organization, the seats of the Nigerian delegation were conspicuously empty.

## Our nations order citizens leave Luanda today

Luanda, July 29.—Foreign ministers of the 12 member nations of the Organization of African Unity (OAU) ordered their nationals to leave Luanda by tomorrow or on their own risk. West German, French, Belgian, Italian, and British citizens had already left the 5,000-man city of the National Front for the Liberation of Angola (FNLA) on the capital would be a civil war when it tries to wrest control of Luanda from its long-standing rivals, the Popular Movement for the Liberation of Angola (MPLA).

The atmosphere is tense with a National Front assault force, headed by Dr. Roberto in person, poised for an attack only 30 miles to the north at Caxito. There, last night, Dr. Roberto said: "The assault on the Angolan capital must come in the next few days." He is said to have 8,000 men under his command—UPI, AP, Agence France-Presse.

## Lord Kearton to head state oil combine

First chairman of the British National Oil Corporation will be Lord Kearton, the former head of Courtaulds, the textile giant. His appointment for a three-year term was announced by Mr. Wedgwood Benn, Secretary of State for Energy.

## Britain may benefit from EEC refund

Britain would be the most likely beneficiary of proposals for EEC budgetary refunds submitted by the European Commission to the Council of Ministers. The proposals would fulfil an agreement made by Community heads of government in Dublin last March, yielding to British pressure.

## Crossman diaries

Lord Widgery, the Lord Chief Justice, said on the last day of the Crossman diaries hearing that he believed there was a sensible middle course between a 30-year ban on their publication and allowing a free-for-all. He reserved judgment.

## Mr Laker to fight cancellation of Skytrain

By Arthur Reed  
Air Correspondent  
Mr Freddie Laker, chairman of Laker Airways, reacted strongly last night to a decision by the Government to cancel his cheap Skytrain transatlantic service. "I am going to fight it, and fight it in the courts if necessary," he said.

The decision was contained in a statement to the Commons by Mr Shore, Secretary of State for Trade, on future policy towards the airline industry. Apart from Laker's Skytrain, the policy generally favours private enterprise airlines. It confirmed the position of British Caledonian Airways on routes it already operates.

Mr Laker was incensed at being called to see Mr Shore to be told of the decision only an hour and a half before the statement in the Commons. "This is typical socialism, whereby the efficient airline operator, the free entrepreneur, is being forced out of business to support the inefficiency of state enterprise," he said. "I can tell Mr Shore that Skytrain will remain on my DC10s until the day I die."

## Three more electricity price increases coming

By Roger Vielvoye  
Energy Correspondent  
Three more rises in the price of electricity are in prospect during the next eight months as the Government continues to reimpose commercial pricing policies on the nationalized industries. Two small increases totalling 2 per cent are scheduled for October and December, and a more substantial general revision of tariffs will be made next April.

current financial year, although much depends on inflation and winter demand. At present demand is 15 per cent below the predicted level, which is increasing unit costs. The Government is making provision to compensate the industry for a loss of up to £30m in the current year.

## Heads of government gather in Helsinki

From David Spanier  
Diplomatic Correspondent  
Helsinki, July 29.—Mr Wilson made an early start to the European security conference, which opens in Helsinki tomorrow, by attending a breakfast meeting with President Ford. While European security is the order of the day, it was the coup in Nigeria which preoccupied delegates arriving today.

## TUC wants selective import controls

By Tim Jones  
Labour Staff  
The TUC's economic committee met Government ministers yesterday with a request to help to safeguard jobs by controlling the "dumping" of foreign imports. After the meeting Mr Jack Jones, general secretary of the Transport and General Workers' Union, said: "Selective import controls would help the economy not just in terms of employment but in stopping British currency going abroad."

The Prime Minister, who was working on his statement tonight, is expected to emphasize the need for further progress in European cooperation, on both the economic and the political side. With all the texts for the security conference published in advance, it looks as if the various meetings held outside the framework of the conference will be more useful than the set speeches. It is understood that President Ford may have a meeting with the Turkish Prime Minister on the subject of the handing over of the American bases in Turkey.

## No agreement on pay deal monitoring, MPs told

By Our Parliamentary Correspondent  
Westminster  
Mr Foot, Secretary of State for Employment, acknowledged last night that it had been impossible to devise a system for the monitoring and notification of wage settlements which would satisfy the Government, the TUC and the CBI.

## Reason given for Kuldeep Nayar's arrest

From Patrick Brogan  
Washington, July 29.—The Indian Ambassador here, Mr Priokul Kaul, said today that Indian journalists and foreign journalists working in India had to obey the law, those who had been arrested or expelled had broken the law.

the ambassador said. "He is a friend of mine. He is supposed to have sent some dispatches abroad surreptitiously, which is a violation of the law." In a cable sent to Mrs Gandhi, the Indian Prime Minister, on Friday last week, the editor of The Times said of Mr Nayar: "He has not sent any dispatches to The Times which do not comply with Indian censorship; we have of course not asked him to do so."

## SCHOOL FEES AHEAD?

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## Unionist plan for trial parliament

The United Ulster Unionist Coalition plans to convene a trial parliament to test the constitutional Convention into a trial Ulster government and parliament. The trial would be for four years and the unionists are to consult other parties.

## University pay cut

University teachers will shortly be told that because of the Government's pay restraint policy they will not get the increase of about a fifth indicated in a recent arbitration award.

## Fewer babies: The birthrate fell from 376,000 in 1964 to 641,000 last year, according to the Office of Population, Censuses and Surveys

London: Senhor Alvaro de Cunha, the Communist leader, is expected to be omitted from the Cabinet to be announced today.

## Ninas Gerais: Five-page Special Report on one of Brazil's fastest growing areas, in the series Investment Centres of the World

Gas: Three-page Special Report which looks at the industry and developments in the North Sea

Home News	2-4	Class lists	18
European News	4	Court	18
Overseas News	4, 5	Crossword	32
Appointments	18	Diary	16
Arts	7	Engagements	18
Business	19-24	Features	6, 16

## On other pages

Leader, page 17  
Letters: On the Helsinki summit conference, from Mr Julian Amery, MP, and Mr Arthur Bottomley, MP, and on the Government's budget deficit, from Mr Julian Blackwell; appeals to the Privy Council, from Mr Jonathan Caplan  
Leading articles: General Gowon; Import controls  
Arts, page 7  
Stanley Sadie on Munich's new production of *Idomeneo*; Irvine Wardle on *Sex and Kinship* in a *Savage Society* (Theatre Upstairs); Charles Lewen on *Murder at the Cottage* (Savoy Theatre); William Mann on *Costume* (Lyric Theatre)  
Features, pages 6 and 16  
Peter Hill on how General Gowon saw it all coming; Raymond Fletcher on Marxists and moderates in the mad month of July; Bernard Levin sees Chrysler being driven off the road in Iran  
Bernice Rubens contributes to our International Women's Year series.  
Diary, page 16  
As the British Everest Expedition sets out, alarming indications that the world's tallest mountain could be getting even taller  
Football: New moves on hooliganism; Racing: Michael Phillips on Goodwood; Cricket: Leicestershire beat the Australians.  
Business News, pages 19 to 24  
Stock market: Both gilts and equities turned down again. The FT index lost 2.7 points to 291.8  
Business features: David Blake reports on the problems facing the Irish Republic; Patricia Tisdall describes how holidays are withstanding the impact of the recession



## HOME NEWS

# Unionists may seek approval to turn Convention into trial

## Ulster parliament for four years

From Stewart Tandler

The United Ulster Unionist Coalition is planning to ask the British Government to turn the constitutional Convention into a trial. The coalition plans to ask the Government to agree to a trial period of government lasting four years, during which the coalition will be put to representatives of the Alliance Party and the Social Democratic and Labour Party in meetings during the next week. But the coalition still has no intention of meeting the SDLP's wishes for power sharing in any form and the UUC plan may prove wishful thinking.

## Party leaders seek Powell explanation

From a Staff Reporter

Leaders of the Official Ulster Unionist Party are flying to London today to meet Mr. Enoch Powell, MP for Down, South, to discuss his latest attack on "loyalist" political dogma in a speech last Saturday.

Mr. Harry West, leader of the party, and Captain Austin Ardill, the chief whip, were due to meet Conservative backbench members this week, but since Mr. Powell's speech the visit has been enlarged.

Mr. West and Captain Ardill will see Mr. Powell either later today or tomorrow morning and examine the speech with other Unionist MPs at Westminster.

Three weeks ago Mr. Powell painted unionists with his examination of loyalism in

He said he hoped that the SDLP would agree to accept involvement in the running of the province without having a part in a Cabinet. Although Mr. West did not explain, that would indicate some sort of SDLP membership of committees covering important areas of policy.

The first of the later-party meetings, due to be held in Belfast, when three members of the coalition will meet three members of the Alliance Party and the Social Democratic and Labour Party in meetings during the next week. But the coalition still has no intention of meeting the SDLP's wishes for power sharing in any form and the UUC plan may prove wishful thinking.

The outcome will be discussed at the Convention when it resumes on August 19. Mr. Rees, Secretary of State for Northern Ireland, is expected to resume releases of republican detainees from the Maze prison at Long Kesh within the next couple of days. Since the killing of four soldiers at Forkhill, Co. Armagh, a fortnight ago, releases have been stopped, except for two men freed on compassionate grounds. It is being suggested

244 detainees may be released in weekly batches of 10 or more if the violence remains muted. In fact, all may be out some time before Christmas.

As RUC Constable Robert John MacPherson, killed in an ambush on Saturday, was buried yesterday, the security forces continued their hunt for the three men involved.

Hotel bombs: Two bombs exploded in a hotel in the coastal town of Glenarm, Co. Antrim, last night (the Press Association reports). An army spokesman said there were no reports of casualties.

Allowed to leave: Mr. Owen McKenna, aged 23, and Miss Marian Grete McPhillips, aged 21, who were held for more than 30 hours under the Prevention of Terrorism Act, were allowed to leave for their homes in Leeds last night. A West Yorkshire police spokesman said inquiries were now complete and no other police action was being taken. Provisional Sinn Féin said the two were party officials from Lurgan, Co. Armagh, who had been on holiday.

## Bomb case defendant explains 'IRA cache'

One of the defendants in the Birmingham bombing trial told Lancaster Crown Court yesterday that he had been in the IRA's friendship with the idea of eventually going to the police to report the IRA materials at his home.

James Kelly, a Protestant, is one of nine men accused of conspiracy to cause explosions in Birmingham and other towns in the Midlands. They have pleaded not guilty. Six have also denied murder, the charges arising from 21 deaths at Birmingham public houses last November.

Mr. Kelly, aged 32, said his friendship with a workmate, Michael Sheehan, who he knew had IRA sympathies, led to his being asked to look after a pistol. The gun passed between them after four times in three weeks because he believed Mr. Sheehan was testing him.

Mr. Kelly also said Mr. Sheehan introduced him to two of the defendants. One was Michael Joseph Murray, whom he met in the Emerald Club, Birmingham.

Later, in a public house, Mr. Murray asked if he would be willing to take a trip home in a car. Mr. Kelly said he was interested. He suspected that the car would conceal explosives, however; the trip did not take place.

He said that Mr. Sheehan and a man named John Walker visited him at a house in Manchester and gave him two bags. He said he later found a large automatic pistol, two times, one marked "weedkiller", ammunition, fuses, wire, and detonators.

He said he removed two bullets to have something to show the police. Later he said he was about to show them when he was interrupted by the police. He set out several times to telephone to the police but said he did not call them, even after the bombings, because he was concerned about the safety of the woman with whom he lived.

Mr. Kelly also said that Mr. Murray told him during the trial: "You will get 18 months, and after that you are a dead man."

The trial continues today.



Lord Hunt (centre) saying goodbye yesterday to Chris Bonington, left, and Hamish MacInnes, leaders of Britain's new Everest expedition (Diary, page 16.)

## 2,500,000 working for local authorities

By Our Local Government Correspondent

Local authorities in England and Wales had almost 2,500,000 employees on March 31, this year, according to a new survey made jointly by the Government and local authority associations. Of that figure, 1,540,673 were full-time and 912,281 part-time. Manual workers numbered 505,061 full-time and 603,673 part-time.

This first survey is the result of a joint watch on local government manpower. It will involve a quarterly survey from which Mr. Crosland, Secretary of State for the Environment, said yesterday, in time it should be possible to discern seasonal fluctuations, particularly in part-time and temporary employment, in addition to longer-term trends.

Mr. Crosland gave the figures in a Commons written answer. He explained that the figures did not compare directly with previous figures of local government employment because the latest survey covered more categories of worker.

Education authorities had the largest staff. Lecturers and teachers accounted for 722,208 and "others" in education totalled 702,830. Social services staff numbered 273,851, while miscellaneous services, such as school-crossing patrols, staff on special functions, trading services, and agriculture and fisheries, employed 293,958.

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## Candidates spent 5p for each elector in October

By Penny Symon

Candidates in last October's general election spent a total of £2,261,228 on election expenses, about 5p for each elector in the electoral roll according to the Return of Election Expenses, published yesterday.

There were 2,252 candidates, compared with 2,135 in the February election, and their expenditure on agents, clerks and messengers, printing and stationery, public meetings, hire of committee rooms, and other items totalled £2,261,228, compared with £2,008,660 in February.

Candidates also spent £92,714 on personal expenses, such as hotel bills and travelling costs. In February, personal expenses totalled £87,747.

The expenditure of 5p for each elector compares with 5p in February. Printing and stationery accounted for almost three quarters of the total, £1,75m. The next largest single item was £103,010 for election agents, the cost in February being £102,996.

More candidates lost their deposits: 436 in October against 321 in February. The same electoral register was in use both times. With an electorate of 40,255,611, 29,189,104 votes were polled in October and 31,340,162 in February.

The amount a candidate may

spend at an election, excluding personal expenses, is fixed by law. The basic sum is £1,075, with another 6p for every eight electors in a borough constituency and 6p for every six electors in a county constituency.

Mr. Roger Baldwin, the Conservative candidate in Newton, spent the most: £2,030, and £45 personal expenses. The seat was retained for Labour by Mr. John Evans. Some candidates have not declared their expenses to the returning officer, as they are required to do by law.

Mr. Marcus Norton, who fought Berley, Sidcup, with the label "Woman Prime Minister", Margaret Thatcher, Conservative, polled 61 votes, spent £1 to hire a committee room, and £30 of his own money, and Mr. Chandrasekhar, an independent in Camden, Hampstead, spent £1 on "miscellaneous matters".

Some of the other lowest amounts were spent by Liberal candidates. They were not in a strong position to fight the October election, as the February one had depleted their funds.

The highest personal expense was incurred by Mr. Richard York, the Conservative candidate in Loughborough, who spent £425. The Prime Minister had £25 for personal expenses, Mr. Thorpe £58 and Mrs. Thatcher none.

## Minister accuses Law Society on land Bill

By Our Planning Reporter

Mr. John Silkin, Minister for Planning and Local Government, yesterday accused the Law Society of gross inaccuracies in a memorandum on the Community Land Bill.

"As a solicitor I do expect the Law Society at least to know its facts and, if it does know them, not to misrepresent the actual legislative proposals before Parliament," Mr. Silkin stated in a letter to Mr. E. N. Liggins, the society's president.

"The public at large looks to our profession for accurate information and informed comment, and I feel that the Law Society's memorandum falls far short of that high standard."

Mr. Silkin pointed out that a government memorandum describing the amendments to the Bill was sent to the society more than two weeks ago, at the same time as it was made available to the Commons standing committee. Both the government memorandum and the amendments had been widely ignored.

## What the London ratepayer gets for his money

By Our Local Government Correspondent

The average London ratepayer pays about 50p each week for the services the Greater London Council provides. That does not include the cost of education, or the local services provided by the London boroughs, but the GLC, in a financial review, just published, has broken down the cost of its services to put the rate charges into perspective.

The 50p a week relates to a rateable value of £280. It is made up of 22p for transport; 13p for public health and safety; 7p for housing; 3p for arts and recreation; 3p for general services, and 1p for strategic planning services.

Transport services include fares on the London Underground, London buses, and experimental trolleybuses and dial-a-bus services. Public health and safety covers London fire brigade

services, flood prevention work and the enforcement of building regulations. The housing programme includes maintenance of 200,000 homes and provision of new homes.

In a foreword, Dr. John White, chairman of the council's finance board, says: "This year has seen a great awakening of interest among the members of the public in the financial affairs of local authorities. That is to be welcomed and it could lead to a greater awareness of the duties and obligations of this council and its many activities in the service of London."

The effect of inflation on the rates during recent years has made it even more vital to see that ratepayers get value for the money they contribute to the costs of developing and running the services of London.

Greater London Council Financial Review (GLC Bookshop, 75p)

## Two RAF crew die in crash on showground

An RAF crew of two died when their Chipmunk aircraft, normally used for training air cadets, crashed at Newark showground, Nottinghamshire, yesterday.

The aircraft from RAF Waddington, Lincolnshire, crashed within a hundred yards of a car suction. Eighty children of the South Notts Pony Club, who were on the ground escaped unharmed.

Witnesses said the aircraft lost height rapidly as it approached the showground, an old airfield.

Mr. Malcolm Gash, a motor dealer of Navenby, near Lincoln, tried to pull out the two trapped men from the wreckage, but was unable to do so. Firemen cut them free.

## Crash pilot rescued

Mr. James Lloyd-Bostok, of Malling Farm, Hassock, Sussex, was picked up by the minesweeper Iverson when his light aircraft crashed off the Isle of Wight yesterday.

## TIME

Wilson on inflation

Helsinki all-star show

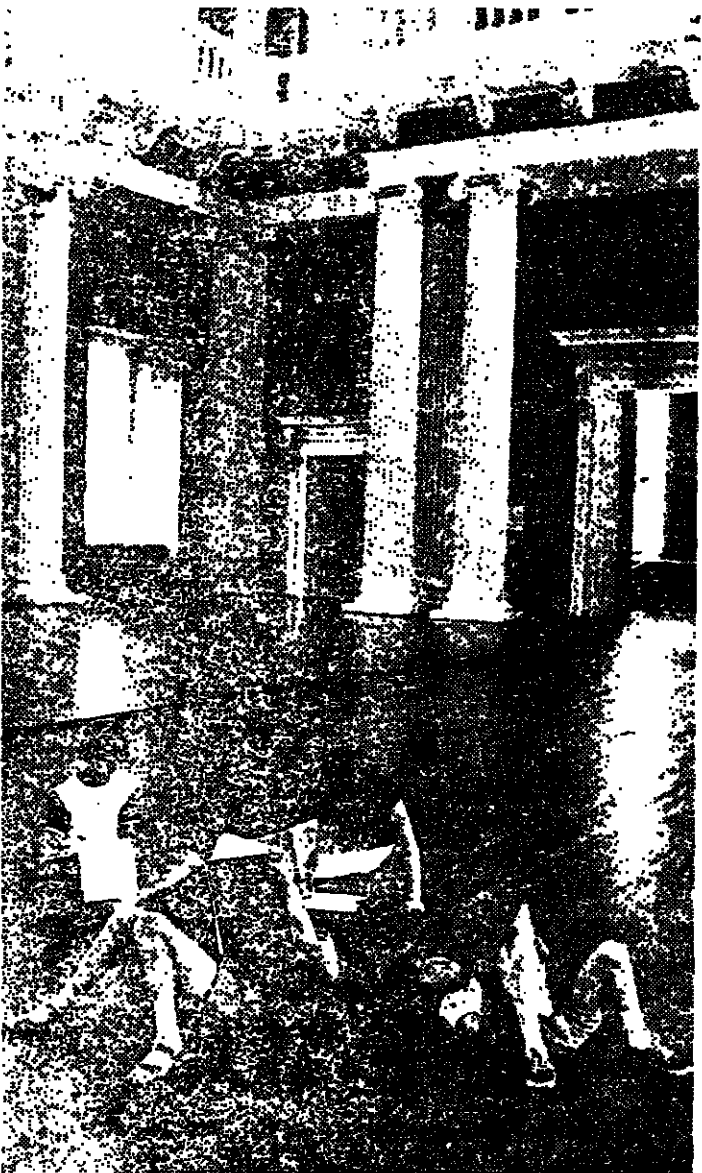
Eastern Europe's economic bind

Christina's surprise wedding

Mrs. G. gets her way

Playboy in the red

ON SALE NOW



Work and rest combined as children took part in a project on Pepys's London at the National Portrait Gallery yesterday.

## Man and woman dead after quarrel in flats

From Our Correspondent

Two people died yesterday after a shooting had been fired several times. Residents in flats at Cotgrave, Nottinghamshire, saw Mr. Joseph Thomas Baxter, aged 70, stagger out to a lawn where he died. In a ground-floor flat directly under his detectives found the body of a mother of three children.

Det. Chief Supt. Roy Readwin said the police were treating it as a case of murder followed by suicide. "It appears to have been a neighbour's quarrel," he said.

Last night the dead woman's friends were being looked after by neighbours. Mr. Baxter's wife was severely shocked.

## Talks fail to end press dispute

The dispute between the management and journalists of the Birmingham Post and Mail remained unresolved after talks in London yesterday. Afterwards the company said its offer to set up a joint study with the union on pay rates and their comparability with other newspaper publishing companies was not enough to secure a return to work.

## Navy resites bomb tests after harbour blockade

Explosive tests by the Royal Navy are to be carried out further out to sea than planned, in response to protests from fishermen which culminated in a blockade by 20 boats yesterday at Portland harbour, Dorset.

The blockade dispersed when a meeting was arranged at Portland naval base between Navy representatives and officials from the Weymouth and Portland Angling Skippers' Guild, Weymouth and Portland Fishermen's and Licensed Boatmen

Association, the Fisheries Organization Society, the National Federation of Sea Anglers, and the Southern Sea Fisheries District.

After the meeting a Navy spokesman said the tests would be made four miles further out than originally planned.

It was agreed five years ago between the Navy at Portland and the Ministry of Agriculture, Fisheries and Food that the tests up to 200 ft were no danger to the fishing industry. The area was agreed and trials have continued since.

## £16,000 for boy turned truant by road injuries

Leonard Arthur Double, aged 15, was awarded £16,000 agreed damages in the High Court yesterday for injuries suffered six years ago when he was knocked down by a lorry near his home in Montague Crescent, Edmonton, London.

His right leg had multiple fractures, Mr. Michael Lewis, QC, his counsel, told Mr. Justice Phillips. He had 27 operations and spent 18 months undergoing hospital treatment.

The long treatment caused him to develop a behavioural upset involving a serious

truancy problem at school, Mr. Lewis said. That had improved substantially. But his right leg would always be weak.

Judgment by consent with costs was given against Mr. Arthur Leonard Morrison, the lorry driver, of Station Road, Puckeridge, Hertfordshire, and Mr. E. W. J. Medus, its owner, of Felstead Road, Waltham Cross. The settlement allowed for allegations of contributory negligence.

The judge agreed that £250 should be paid out immediately for the boy to buy camping equipment.

## Bank criticized over staff yacht payment

By a Staff Reporter

Mr. Marcus Lipton, MP, yesterday condemned the Bank of England for contributing towards a £10,000 yacht for its staff.

He has tabled a Commons motion calling for an investigation by the Select Committee on Nationalized Industries into the circumstances of the payment.

He said with the present need for economy, the Bank of England, of all places, should set an example.

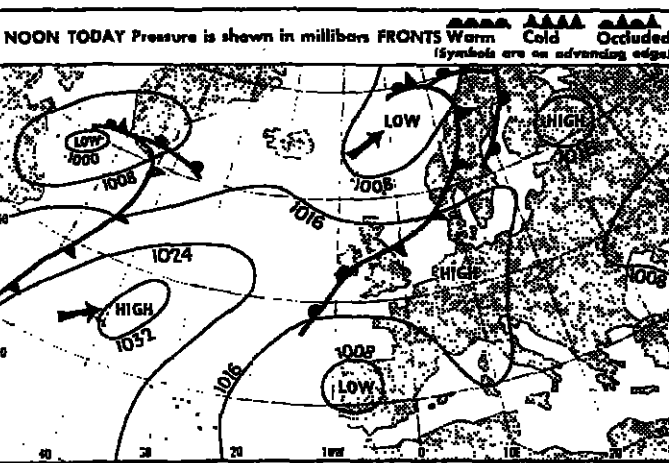
The Bank said the yacht had been bought as part of its provision of sports facilities for staff. Its sailing club had raised part of the price, and it was hoped that membership subscriptions and charter fees would cover running costs.

## Kick toned down burglar alarm

After a shop's faulty burglar alarm had kept him awake for months, Antony Gasson climbed through the window of his bed-sitting room in King's Road, Chelsea, and kicked it off the wall.

At Marlborough Street Magistrates' Court yesterday, Mr. Gasson, aged 28, a street trader, admitted damaging the alarm and was conditionally discharged for a year, but the court made no order for compensation.

## Weather forecast and recordings



**Today**  
Sun rises: 5.20 am  
Sun sets: 8.53 pm  
Moon rises: 1.14 pm  
Moon sets: 11.12 pm

Last quarter: Tomorrow.  
Lighting up: 9.23 pm to 4.52 am.  
High water: London Bridge, 6.53 am, 6.56 pm (21.6ft); 7.1 pm, 6.46 am (21.0ft). Avonmouth, 11.59 am, 11.0m (26.2ft). Dover, 3.54 pm, 5.7m (18.8ft). 4.10 pm, 5.8m (19.1ft). Hull, 10.51 am, 6.6m (21.6ft); 11.31 pm, 6.1m (19.9ft). Liverpool, 3.59 am, 8.2m (26.8ft); 4.22 pm, 7.2m (23.4ft).

Pressure is high over England but low to the NW.  
Forecast for 6 am to midnight: London, E Midlands, Central N England: Dry, sunny spells; wind variable, light; max temp 29°C (84°F).  
E Anglia, SE, E Central S, SW England, Channel Islands, S Wales: Dry, sunny spells; wind variable, light; max temp 27°C (81°F).

N Wales, NW England, Lake District, Isle of Man, SW Scotland, N Ireland: Cloudy, occasional rain, brighter later; wind SW, light; max temp 18°C (64°F).  
NE England, Borders: Cloudy, mainly dry, probably brightening later; wind SW, light; max temp 23°C (73°F).

Outlook for tomorrow and Friday: Mostly dry with sunny spells. Warm generally but hot or very hot inland over England.  
Sea passages: S North Sea, Strait of Dover: Wind variable or E, light; sea smooth.  
English Channel (E): Wind variable or E, light; sea smooth.  
St George's Channel: Wind SW or variable, light or moderate; sea slight.

Irish Sea: Wind SW, light or moderate, becoming variable, light; sea slight.

**Yesterday**  
London: Temp: max. 7 am to 7 pm, 29°C (84°F); min., 7 pm to 7 am, 15°C (59°F).  
WEATHER REPORTS YESTERDAY MIDDAY: c, cloud; f, fair; fo, fog; s, sun.

Area	Temp	Wind	Cloud	Area	Temp	Wind	Cloud
Alderney	21	SE	2	London	21	SE	2
Amsterdam	21	SE	2	London	21	SE	2
Birmingham	21	SE	2	London	21	SE	2
Bristol	21	SE	2	London	21	SE	2
Cardiff	21	SE	2	London	21	SE	2
Edinburgh	21	SE	2	London	21	SE	2
Glasgow	21	SE	2	London	21	SE	2
Harwich	21	SE	2	London	21	SE	2
Leamington	21	SE	2	London	21	SE	2
Liverpool	21	SE	2	London	21	SE	2
Manchester	21	SE	2	London	21	SE	2
Newcastle	21	SE	2	London	21	SE	2
Nottingham	21	SE	2	London	21	SE	2
Portsmouth	21	SE	2	London	21	SE	2
Reading	21	SE	2	London	21	SE	2
Sheffield	21	SE	2	London	21	SE	2
Southampton	21	SE	2	London	21	SE	2
Stirling	21	SE	2	London	21	SE	2
Swansea	21	SE	2	London	21	SE	2
Torquay	21	SE	2	London	21	SE	2
Walsby	21	SE	2	London	21	SE	2
Warrington	21	SE	2	London	21	SE	2
Widnes	21	SE	2	London	21	SE	2
Worcester	21	SE	2	London	21	SE	2
Wrexham	21	SE	2	London	21	SE	2
Yarmouth	21	SE	2	London	21	SE	2
York	21	SE	2	London	21	SE	2

7 am, 19°C (66°F). Humidity, 7 pm, 45 per cent. Rain, 24 hr to 7 pm, 11.4 mm. Sun, 24 hr to 7 pm, 10.4 hr. Bar, mean sea level, 7 pm, 1,015.0 millibars, steady, 1,000 millibars = 29.53 in.

**At the resorts**  
24 hours to 6 pm, July 29

Resort	Temp	Wind	Cloud
Bournemouth	21	SE	2
Brighton	21	SE	2
Cardiff	21	SE	2
Edinburgh	21	SE	2
Glasgow	21	SE	2
Harwich	21	SE	2
Leamington	21	SE	2
Liverpool	21	SE	2
Manchester	21	SE	2
Newcastle	21	SE	2
Nottingham	21	SE	2
Portsmouth	21	SE	2
Reading	21	SE	2
Sheffield	21	SE	2
Southampton	21	SE	2
Stirling	21	SE	2
Swansea	21	SE	2
Torquay	21	SE	2
Walsby	21	SE	2
Warrington	21	SE	2
Widnes	21	SE	2
Worcester	21	SE	2
Wrexham	21	SE	2
Yarmouth	21	SE	2
York	21	SE	2

**Overseas selling prices**  
Australia, 20s 6d; Canada, 20s 6d; Hong Kong, 20s 6d; India, 20s 6d; Japan, 20s 6d; New Zealand, 20s 6d; South Africa, 20s 6d; Sweden, 20s 6d; Switzerland, 20s 6d; Taiwan, 20s 6d; Thailand, 20s 6d; West Germany, 20s 6d; Yugoslavia, 20s 6d.

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## HOME NEWS

## Value of regional food price surveys queried by retail chiefs

By Hugh Clayton

Retail leaders yesterday questioned the value of regional food price surveys sponsored by Mrs Williams, Secretary of State for Prices and Consumer Protection, but agreed to concentrate their price-cutting on household necessities until her price control programme begins in January.

The Retail Consortium said Mr John Sainsbury, chairman of its food committee, had asked Mrs Williams for an assurance that the surveys would be made by people with enough skill and knowledge not to mislead shoppers and harm traders.

Plans for comparisons of grocery prices in major shopping centres are a prime feature of the White Paper, *The Attack on Inflation*. Mrs Williams has suggested that surveys should be made in three towns by the National Federation of Consumer Groups.

Her officials have since said that in the towns examined savings of up to 17p in the pound could be achieved, not by shopping around but simply by choosing the cheapest shop and using own brands where these were lower in price.

Mr Richard Weir, director of the consortium, which represents all large supermarket companies, said the federation had produced "highly variable and sometimes dubious results".

That his organization's complaints had been reinforced by a report from the Price Commission suggesting that fresh

## Small potato acceptable because of shortage

By Our Agricultural Correspondent

Cropping rules are to be relaxed because of the potato shortage, the Potato Marketing Board said yesterday. Smaller tubers than usual will be acceptable for sale from Friday.

The board said yields were well below normal, despite recent rain, and that at 448,000 acres the total acreage was 20,000 lower than last year.

The Consumers' Association said: "This illustrates the problem that in time of shortage people are prepared to reduce quality. When you reduce one aspect of quality you may be tempted to reduce another."

The association added that it had been asked for meeting with the Ministry of Agriculture officials, about safeguarding supplies, and urged the ministry and board to encourage producers to fulfil their acreage quotas in view of a declining acreage in Britain and the use of imports.

Imports from Cyprus this year have been only half the normal level, the association said.

Miss Eirlys Roberts, head of the campaign committee of the association, said:

"It would be tragic if vital foreign currency had to be used to import crops from Holland when potatoes can be grown to the proper standard at home. In times of shortage there must be strict rationing to market all available supplies, thus sacrificing quality in the hope of providing quantity."

The board said the minimum size acceptable for sale had been reduced by only an eighth of an inch to an inch and a half. That was "an acknowledgement of the fact that the dry weather is keeping yields well below normal for the time of year."

There would be no restriction, as there was last year on the maximum size or length of maincrop potatoes sold.

Fodder famine: Fifty Cornish farmers who travelled 400 miles to East Anglia in an effort to save livestock from famine have set up a temporary headquarters in the West Country where they are looking for a place to feed their livestock. The famine was caused by drought.

Cambridgeshire farmers offered the Cornishmen about 300,000 bales of surplus straw which would normally have been burnt. The visiting farmers hope to collect 20,000 tons in six weeks.

## Latest discoveries at Vindolanda include letter from a serving Roman soldier seeking the help of a friend in high places

## When Lucius Marcellus was Governor of Britain

From Philip Howard

Oxford

The hottest intelligence from Vindolanda, that newly notable auxiliary fort south of Hadrian's Wall, was given to the Classical Congress at Oxford yesterday. During the past couple of years many thin wooden writing tablets, with Latin written in ink on them, have been dug up from a level of the fort dated to about the end of the first century AD.

The most spectacular find of Roman writing ever made in western Europe provides a direct and illuminating contact across the span of two millennia to the life and preoccupations of a Roman soldier in north Britain.

Dr Alan Bowman, of Manchester University, and Dr David Thomas, of Durham University, are transcribing and deciphering the tablets, and extracting the information they contain. It is a job not unlike doing a jigsaw puzzle in the dark while wearing gauntlets

and with half the pieces missing. But it is a highly significant puzzle for history and palaeography.

Their latest important findings presented to the conference include a date of about AD 103 from internal evidence on one of the writing tablets. It comes from the longest private letter so far discovered, evidently the draft of a letter from a serving soldier at the post to a friend in high places soliciting his help and patronage.

The letter refers to procuring some favour from Lucius Marcellus, who is known from an inscription to have been Governor of Britain at the beginning of AD 103.

That letter was written from Vindolanda; several of the other private letters were written from outside to the fort, and the building where they are being found appears to have been more of the nature of a waste-paper basket than a post office.

## Mr Prentice cancels engagements to rest

By Diana Geddes

Mr Prentice, Minister for Overseas Development, has been advised by his doctor to cancel some of his engagements and to get as much rest as possible. He missed a Cabinet meeting yesterday and will not be attending any sittings of the Commons this week.

Speaking from his home in Croydon, Mr Prentice, who is 32, said he had been suffering from exhaustion. "I have given up some of my engagements, although I shall be going up to London to attend one or two. I missed today's Cabinet meeting because I had no special departmental point to make, but shall be going to the next meeting on Friday." He said he would be in the House next week to answer questions.

The general management committee of Newham, North-east, Labour Party voted last Wednesday to reject Mr Prentice as its parliamentary candidate at the next general election.



Mr Stuart Smith, sculptor for Madame Tussaud's, working yesterday on a clay model of Tony Greig, England's new cricket captain. A plaster model for the wax figure is made from the clay.

## Pay alone 'is not enough for GPs to move'

Financial incentives to persuade family doctors to move to areas where they are scarce are unlikely to work, social scientists from Kent University said yesterday.

A survey among a tenth of Britain's 23,000 family doctors shows that few are willing to move simply for more pay. Better facilities, the chance for GPs to care for their patients in hospital beds, and better conditions are more likely to attract them.

At present they receive an extra £750 a year if they have more than 2,500 patients on their lists, and an extra £1,150 if they exceed 3,000.

Those receiving the extra money were happy to have it but other doctors thought being close to family and friends, having good practice conditions and medical contacts and good schools were more important.

"Financial incentives are unlikely to contribute much towards a more equal distribution of general practitioner manpower," the researchers said in the journal of the Royal College of General Practitioners. They suggested that as younger doctors valued good medical facilities highly, an attempt to provide the best possible standards would do far more.

## Prevention of disease 'could cut farm losses'

By Our Agricultural Correspondent

Veterinary surgeons should be employed to prevent instead of curing diseases in farm livestock, the Committee of Inquiry into the Veterinary Profession said yesterday. The advice of state advisers should be integrated with that of veterinary surgeons in private practice to reduce losses in livestock production estimated at about £90m a year.

The committee, which was chaired by Sir Michael Swann and set for more than three years, said in its report that between 1968 and 1971 "the greatest total losses were incurred in cattle production, where resources which were not recovered ranged in value from nearly £30m per annum to over £50m. A detailed analysis of data for dairy cows in the South-west showed that in 1968-69, 38 per cent of annual depreciation was attributable to disease."

Members of the committee were convinced that the cost of closer veterinary attention to farm animals would be much lower than that of the livestock losses it would save.

Five years ago losses totalled more than 6 per cent of livestock produced, while the cost of veterinary attention was less than 2 per cent. "Even if only half the livestock losses incurred by farmers are losses from clinical or subclinical disease the cost to farmers of

veterinary services is still far less than the cost to them of losses from disease."

The committee also recommended veterinary supervision of meat production from the farm and through the slaughterhouse. Members recognized that governments had made environmental health officers in local authorities responsible for meat hygiene, but believed that it should be transferred to the state veterinary service.

"We recognize that the present grave deficiency of manpower in the veterinary service of the Ministry of Agriculture must be remedied if it is to carry out its present tasks with maximum efficiency and that the process of bringing the service up to complement could well occupy a number of years."

Responsibility for meat hygiene should be reviewed in the light of experience and as soon as the manpower situation in the veterinary service improves sufficiently to make the transfer to agricultural departments possible.

It was important never again to let the pay of state veterinarians fall markedly below rates in private practice, the committee said. "We are not satisfied with the extent of support from the Agricultural Research Council for research in the veterinary schools."

Committee of Inquiry into the Veterinary Profession (Cmd 6143, Stationery Office, £2.60; Appendices, Cmd 6143.1, 1.15).

## Trainers deny victimizing striking stable lads

From Our Correspondent

Cambridge

Newmarket trainers denied yesterday that there had been reprisals against stable lads returning after their 13-week pay strike. About 90 lads who tried to report back after the strike were turned away.

Yesterday Mr John Winter, chairman of the trainers' federation, said: "We have had a drop of 130 horses in training since the start of the season, and that figure could increase at the end of this month."

"We shall probably be four or five hundred horses down next year and of course this affects all of the town, not just the trainers. We are fighting for survival and the lads must realize this."

Stable lads who have not been given their jobs back have been going on for unemployment benefit and applying for forms alleging wrongful dismissal.

Employment in Newmarket is likely to worsen with Mr David Robinson's decision to close his Clarendon stables at the end of the flat season. He is allowing his private trainer, Michael Jarvis, to set up as a public trainer, but it is not known how many Robinson lads will be taken on.

There will be redundancies because Mr Robinson will sell most of his 71 horses and Mr Jarvis, who trained for him for eight years, is unlikely to take on the full staff.

A Staff Reporter writes: The Transport and General Workers' Union is to take up the stable lads' case. The union, which maintains that the lads are victims of unfair dismissal, will raise the matter with the Industrial Tribunal in Bury St Edmunds.

## Colliery death

Mr Cyril Bunting, aged 48, a demolition worker of Apple Tree Gardens, Whiteley Bay, died when machinery collapsed on him at Eccles colliery, Backworth, Northumberland, yesterday.

## Fewer North Sea living deaths

From Ronald Faux

Laws introduced earlier this year to govern diving operations in the British sector of the North Sea were helping to reduce the death toll, Commander Jack Warner, chief inspector of diving at the Department of the Environment, said in a statement yesterday. Two deaths a year might have been avoided, he said, if the Offshore Installation Law had then been in force.

Under the new laws operators are liable for a first offence of £400, for a second of £1,000, and for a third of £2,000. A fourth offence is liable for a fine of £2,000 or imprisonment for two years, or both.

Commander Warner said the law is being dangerously infringed. "With operations rising up to £30,000 a day, it obviously is in the interests of companies to cooperate, and we are doing so," he said.

About a thousand divers now work in the European continental shelf area and 22 have died since 1971. But now the law governing medical fitness and medical training has been tightened and no one under the age of 18 may work as a diver.

Commander Warner said that a British national diving standard introduced to close loopholes.

He intends that all rigging in the British sector shall be inspected at least twice a year, and all diving operations logged in detail. Commander Warner said training of divers was improving: so was medical cover. Two teams of doctors had been set up in Great Yarmouth and Aberdeen to give 24-hour cover to the whole of the North Sea. They were trained to deal with decompression sickness and other diving accidents.

Commander Warner emphasized that risk could not be completely eliminated. "One must remember this is essential work. If there were no men exposed to dive in the difficult conditions of the North Sea the country would not have the oil it needs."

## Toys used to lure boys into vice, court told

Kenneth Martin, a Soho chestnut man, used expensive toys to tempt young boys into homosexual vice, it was disclosed yesterday at the Central Criminal Court. Police officers found Meccano and railway sets, worth £1,000 each, at his flat and a store of "almost Dickensian child corruption" came to light.

One of Mr Martin's victims was a boy aged 11 who turned to male prostitution after a meeting at Playland, a West End amusement arcade, it was alleged.

Some of the toys were obtained in a spending spree involving more than a hundred offences and £3,200 in dud cheques, Mr Colin Hart-Leverton, for the prosecution, added.

Mr Martin, of Maudslayi Place, Soho, was jailed for seven years. Before sentence, he told Judge

Gwyn Morris, QC: "I have time and time again asked for some form of treatment for this. But nobody listens." The judge replied: "The only treatment for offences involving small boys is self-restraint."

Mr Martin admitted four charges of indecently assaulting boys aged 11 and 12, and was given concurrent four-year prison terms on each. He also admitted eight offences of obtaining goods by deception and asked for a further 98 to be considered. He was given three-year concurrent prison sentences on those charges, to run consecutively to those for indecent assault. The judge directed his acquittal on four buggery charges.

Mr Hart-Leverton said Mr Martin had previous convictions for buggery and indecent assault.

## Women aged 60 to 64 'are taxed unfairly'

Single women aged between 60 and 64 will have to pay more tax this year than other pensioners, Age Concern said yesterday. The organization has appealed to Mr Healey, Chancellor of the Exchequer, for help for that age group.

It says that such women get only £2 a week in tax-free income above their pension, while single pensioners over 65 can claim £6.01 a week above their pension before paying tax.

Mr David Hobman, Age Concern's director, told Mr Healey: "Women in this category are very aggrieved that while older pensioners are paying less tax this year, and younger people on low earnings are also paying less tax, they alone are facing an extra tax burden."

"I do not believe that allowing a disproportionately heavy tax burden to be imposed on a weak and poor section of society can really be part of your philosophy or the Government's policy."

## Day tripper had Asian in boot

A motorist on a day trip to Ostend had an Asian in his car boot when he returned, Malden Crown Court was told yesterday.

Peter Jackson, aged 26, of Vinnal Grove, Bartley Green, Birmingham, was jailed for three years for being concerned in the entry of illegal immigrants and was ordered to serve concurrently a previous four-year sentence suspended by magistrates at Birmingham for obtaining money by deception.

## Loans to doctors totalled £2.2m

The General Practice Finance Corporation, which lends family doctors money for their premises, last year made 196 loans to 371 doctors totalling £2,269,000 (our Medical Reporter writes).

Report of General Practice Finance Corporation (Commons Paper 455, Stationery Office, 26p).

## Man with knife fled from woman aged 80

A woman of 80 who helped a knife victim and scolded his attacker into running off received the bravery award of the Chief Police Officers of England and Wales yesterday.

Mrs Annie Patton, of Hill Street, Sandown, Isle of Wight, was sitting in her parked car when a stabbed man came up and asked her to take him to hospital.

Then a man with a knife pulled open her car door and dragged out the wounded man by his hair. He kicked the victim in the head and shouted: "I will kill him."

Mrs Patton got out of the car and shouted at the attacker, calling him a coward.

She said before the presentation at Newport County Hall: "Really I had no time to be afraid."

The attacker was later jailed.

## Lady Antonia Fraser cited

Miss Vivien Merchant, aged 46, the actress, has cited Lady Antonia Fraser, aged 42, the author and wife of Mr Hugh Fraser, aged 57, Conservative MP for South Devon, as a role model in her entry of illegal immigrants and was ordered to serve concurrently a previous four-year sentence suspended by magistrates at Birmingham for obtaining money by deception.

A statement yesterday by a public relations firm acting for Mrs Fraser and Mrs Pinter said the papers were filed on July 25.

## Robin Day 'mugged'

Mr Robin Day, the broadcaster, was "mugged" early on Saturday by two young men as he was walking near his home in Holland Park, London. His jaw was broken, but the men ran off as he fought back.

## Overseas doctors' English courses in use next year

By John Roper

Medical Reporter

Language courses designed to help overseas doctors to communicate better with patients in Britain will be available early next year.

Specialists in linguistics and modern English at Lancaster University have devised the courses after studying the language needs of doctors in casualty departments. They will be tested by groups of 25 overseas doctors at four colleges of

further education in the autumn. The pilot studies will test teaching materials and audio-visual aids so that the national courses may be modified, if necessary.

Two Lancaster researchers have spent 15 months studying the way doctors talk to patients. One of them, Mr Jonathan Leathers, said that instead of concentrating on traditional teaching of English grammar and medical terminology the courses would relate directly to the role of the doctor and

the language he needed to manage each stage of a consultation. That would help doctors to deal with implications in patients' speech.

The first hundred doctors will take the pilot courses in colleges of education at Oxford, Birmingham, Purney and Nelson and Colne. The Overseas Doctors' Association has asked the Department of Health to allow doctors arriving here three months' training attachment in a hospital before they have to take the new language

and clinical competency tests. In two tests 89 out of 195 doctors failed.

Dr Abul Sayeed, chairman of the association, said yesterday if the pass rate did not improve, the National Health Service would soon feel the pinch.

The service in many parts of the country relies heavily on overseas doctors, particularly in casualty departments and unpopular specialties, such as geriatrics and mental handicap.

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4. Bedford	30. Surrey	54. Bangor University	78. Newcastle
5. Bristol	31. Sussex	55. Bangor University	79. Newcastle
6. Brunel	32. Warwick	56. Bangor University	80. Newcastle
7. Cambridge	33. York	57. Bangor University	81. Newcastle
8. Durham	34. York	58. Bangor University	82. Newcastle
9. East Anglia	35. York	59. Bangor University	83. Newcastle
10. Essex	36. York	60. Bangor University	84. Newcastle
11. Exeter	37. York	61. Bangor University	85. Newcastle
12. Hull	38. York	62. Bangor University	86. Newcastle
13. Keele	39. York	63. Bangor University	87. Newcastle
14. Lancaster	40. York	64. Bangor University	88. Newcastle
15. Leeds	41. York	65. Bangor University	89. Newcastle
16. Liverpool	42. York	66. Bangor University	90. Newcastle
17. Loughborough	43. York	67. Bangor University	91. Newcastle
18. Manchester	44. York	68. Bangor University	92. Newcastle
19. Maastricht	45. York	69. Bangor University	93. Newcastle
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## Lord Widgery to seek 'middle course' in diaries case

Martin Huckerby

Lord Widgery, the Lord Chief Justice, said today that the final view of the Crossman diaries arising in the High Court yesterday that he thought there was a "sensible middle course" could take with regard to the diaries sought by Mr. Michael Silkin, QC, the Attorney General.

Mr Silkin is seeking to halt publication of the diaries of Mr. Harold Crossman, either in full or as extracts in *The Daily Times*, and the question how long such injunctions should last was discussed.

Lord Widgery said: "I do not believe that I have to choose between no publication for 30 years and a free-for-all. I am sure there is a more sensible middle course than that."

He was attracted to the approach of Sir Anthony Nutting, who published his memoirs, containing confidential information about Suez, after the protagonists in the decisions were out of office.

Lord Widgery noted that about a decade had elapsed before publication of Sir Anthony's book, and pointed out that 11 years had passed since the events referred to at the start of the first volume of Mr. Crossman's diaries. But he added later: "It seems perhaps that the period ought to be related to the facts of the case."

Mr Silkin said that so far as witnesses spoke about a period before memoirs could be published they spoke about it on the basis of a particular test, such as whether people were no longer active in political life, or whether issues were still live, rather than "some arbitrary period."

It would be "a dangerous thing" to set a time limit, the defence would have full liberty to apply for the raising of the injunction "when history has marched on."

Mr Silkin, concluding his submissions, said, in answer to the question presented by Times Newspapers Ltd, that there was no evidence that Mr. Crossman's colleagues were aware that his diaries would breach the confidentiality of ministerial departmental discussions. Lord Widgery agreed that there was no real evidence of that.

The hearing was concluded. Judgment will probably not be given until October.

Law Report, page 6



## HOME NEWS

## University teachers' increase comes under pay-policy axe

By Tim Devlin  
Education Correspondent

The hopes of 30,000 university lecturers that their pay will be increased by a fifth from October are about to be disappointed.

The Department of Education and Science will tell them soon that the cost-of-living increases they were promised in June will be subject to a 15-a-week limit laid down in the White Paper on incomes.

The news is bound to be greeted with anger, and there is likely to be unrest next term at universities all over the country. Last May the dons threatened to withhold examination results, and disrupted lectures for one day at many universities.

Shortly afterwards the Government agreed to go to arbitration. Last month the panel of three arbitrators announced their award, to be paid from October.

The first part, worth £27.6m, was for "national" increases averaging between 20 and 23 per cent, to take account of what the lecturers pay should have been in October, 1974. The lecturers were promised further increases to take account of the increased cost of living between October, 1974, and October, 1975. In return, the arbitrators of the Department of Education and Science mentioned that these additional increases might be about a fifth.

Under that settlement a lecturer on the new starting salary of £2,778 might have expected to receive at least another £10 a week. The lec-

turer on the average for university teachers of about £5,200 might have received another £24 a week. Now, there is no guarantee that they will receive even £6 a week. Professors on the new average of £8,844 will be worst off. They will receive nothing because of the White Paper ban on any increases for those earning more than £8,500 a year.

Mr Laurie Supper, general secretary of the Association of University Teachers, said it would be sheer lunacy to restrict their members to a 56 increase. "University teachers would feel they had been deliberately twisted and cheated, especially after teachers in further education colleges and schools have been given cost-of-living increases of 20 per cent and more." He still hoped the increases would be about a fifth.

Mr Supper contends that the cost-of-living increase was part of the arbitration settlement, and refers to paragraph eight of the White Paper, which says that "the Government has already entered into should be honoured."

Department officials point out that the further increases were never fixed and are subject to the 56 a week limit. They refer to a parliamentary answer given by Mr Prentice, former Secretary of State for Education and Science, on May 14. He referred to a further increase to be negotiated in the near future, to reflect the increased cost-of-living since October, 1974, "subject to considerations relevant to pay policy at that time."

## Church to apply £6 limit in deciding stipends

By Our Religious Affairs Correspondent

The Church Commissioners announced yesterday that they would observe the £6 pay limit in deciding next April's stipend increases for Church of England clergy.

Many clergy on average or above average stipends may get nothing, as resources are to be concentrated on the lower-paid.

About a third of the church's 8,000 rectors and vicars are on stipends of less than £40 a week, and it is estimated that it will cost about £3m to raise them all to next April's target minimum of £2,400.

That, with free housing and other benefits in kind, is roughly equivalent to a layman's gross salary of £3,900, according to the commissioners. The commissioners have allocated £1m to clergy stipends, and are looking to increased donations by regular churchgoers for the balance.

Speaking at a press conference, Sir Ronald Harris, First Church Estates Commissioner, said it was up to individual bishops and diocesan authorities to bring home to parishes their responsibility.

Sir Ronald said the commis-

sioners fully supported the Government's counter-inflation policy and were happy to observe it themselves. Some clergy who stood to gain more than £6 a week would have to wait another year before they reached the minimum. They would be limited to the Government-TUC figure of £312, assuming that every diocese was able to meet its target figure for weekly donations.

Out of an average weekly donation of 27p a member of the church electoral roll only 12p would go towards stipends. That would have to be increased by 2p on average.

If a diocese exceeded its target it would be able to increase stipends for incumbents on or above the new target minimum of £2,400, and they would also have a say in whatever money intended for raising minima could not be distributed because of the £6 limit.

The decision to concentrate on the lower-paid clergy was the first step towards implementing a new strategy for clergy.

The commissioners also set new scales for curates, deacons, and licensed lay workers, giving them £300 a year more from next April.

## Inquiry starts on big opencast mine

From Our Correspondent  
Stoke-on-Trent

An inquiry into proposals by the National Coal Board for an opencast mine, covering more than 500 acres, at Norton Caves opened in the Staffordshire village yesterday. The board is applying to the Kingsnorth site which contains four million tons of high-quality power station coal. Similar applications were rejected by the Minister of Energy in 1971-72 because there was then no urgent need. The board now hopes to increase its opencast output throughout the country from 10 million tons a year to 15 million. It plans to mine the agricultural site for six years, replace the land with grass, and return it to agricultural use.

The board originally owned the land and still holds mineral rights. Opposition to the plan is led by the Kingsnorth Green committee and Cannock Chase district council.

## Plumbers forgo £12 deal and accept £6 flat rise

By Our Labour Staff

About 25,000 plumbers, members of the Electrical, Electronic and Telecommunications Plumbers Union decided yesterday to forgo a pay deal that would have given them rises of £12 a week, and agreed to accept a 56 flat pay increase.

The union and management agreed last December on a two-stage agreement that would have increased plumbers' pay by £12 through rises next month and in January. The new agreement, which is in line with government proposals, has been approved by the Department of the Environment.

## Firemen deaths to be investigated

The Home Office is to investigate the causes of death among firemen, to see if there is a higher incidence than usual of lung disease or any other cause.

Mr Jenkins, the Home Secretary, told an international conference of fire organizations in London yesterday that the firemen's job was becoming more dangerous and unpleasant than ever because of the introduction of new chemicals and other dangerous substances.

## Press is revived after 30 years

The Shakespeare Head Press, founded in 1904 by A. H. Bullen to print the complete works of Shakespeare, is to be revived on Friday after 30 years of inactivity, with publication of a 500 limited edition of *Zulueta Dobson*.

The book will reproduce for the first time Sir Osbert Lancaster's marvellous scenes from the book, painted for the Randolph Hotel, Oxford, and contain a hitherto unpublished letter from the author, Max Beerbaum, on that project.

## WEST EUROPE AND OVERSEAS

## EEC refund proposals may benefit Britain

From Michael Hornsby  
Brussels, July 29

The European Commission has submitted a formal proposal to the Council of Ministers for the establishment of a financial mechanism to provide for the payment of a refund to any country which can show that it has contributed more than a carefully-defined fair share to the EEC's budget.

The proposal sets out in 10 articles what was provisionally agreed by EEC Heads of Government at their summit meeting in Dublin in March, which set in place the final and most important piece in Mr Wilson's renegotiation jigsaw. It is intended that the budget mechanism should come into force by January 1, 1976, for a trial run of seven years.

A member state would have to satisfy the commission that its per capita gross national product (GNP) was at least 15 per cent below, and its GNP growth not more than 20 per cent above, the Community average. These criteria would be calculated on the basis of a three-year moving average.

An applicant for the refund must also show that its own resources' contributions to the EEC budget exceed by at least 10 per cent its share of Community GNP. ("Own resources" are based on receipts from import duties and levies and will eventually include all part of a 1 per cent value-added tax levy.)

Assuming all these qualifications are met, reimbursement would be calculated on a sliding scale, reaching 100 per cent when a country's contribution to the EEC budget exceeded by more than 30 per cent its share of Community GNP. Total reimbursement would not, however, be allowed to exceed a ceiling of 250m units of account (about £125m at current market rates).

There are further limitations on the operation of the corrective mechanism if, on the basis of a three-year moving average, the balance on current account of a country claiming refunds is in surplus. This is also a provision for review if a country receives a refund for three years in succession.

The Government's March White Paper on renegotiation estimated that Britain could expect to enjoy a refund of up to a total figure of about £125m a year from 1977 onwards. Since then, however, Britain's receipts of EEC subsidies on imports of food have substantially reduced its net contribution to the Community budget.

## Body in French river 'bore signs of torture'

From Our Own Correspondent  
Paris, July 29

The trussed-up body found by a French fisherman in a river near the Spanish frontier at St Jean de Luz on Saturday may have been that of a Spanish man, a source close to the Basque province of Guipuzcoa, police sources said in Paris today.

The body bore signs of torture. The tips of the fingers had been crushed. The victim had been evidently strangled before being abandoned in the river, apparently several weeks ago.

Attached to the body was a heavy stone, cut as for use in building. It had been established, the sources said, that the stone came from a firm in Bayonne, south-west France.

## French soothing but dilatory on postal rates

From Our Own Correspondent  
Paris, July 29

How long will British tourists have to go on paying half as much again as German or Italian tourists if they wish to send a letter home while on holiday in France?

Although Britain joined the European Community on January 1, 1973, instead of paying 80 centimes for a normal letter, as do most other EEC countries, it still costs 1.20 francs to London—the same price as sending a letter to Madrid or Lisbon, in countries which still look a long way off joining the EEC.

A spokesman of the French Ministry of Posts and Telecommunications, when tackled on the matter today, explained in soothing tones that negotiations were "still in course" between the British and French authorities.

## New leader tries to reunite party

From Our Correspondent  
Rome, July 29

Signor Benigno Zaccagnini, the new secretary-general of the Christian Democrat party, today embarked on the difficult task of reuniting his party after the traumatic splits which led to his election last weekend. He arrived at party headquarters this morning to start a round of consultations. Among his earliest visitors was Signor Florio Piccoli, the man who had been widely expected to replace Senator Amintore Fanfani as party leader, but whose support dwindled to almost nothing in the final hours before the election.

Signor Zaccagnini has let it be known that his first aim will be to heal the deep divisions which appeared during last week's meeting of the party National Council.

## Communist leader to be omitted from new Lisbon Cabinet

Lisbon, July 29.—Senhor

Alvaro Cunhal, leader of the Portuguese Communist Party, is expected to be dropped from the Government when General Vasco Gonçalves, the leftist Prime Minister, forms his new Cabinet, officials said here today.

But a Communist Party member is likely to be included in the civilian-military Government to be announced tomorrow, the officials said. And Senhor Cunhal is expected to continue to enjoy influence with General Gonçalves and the new Government.

The naming of the Cabinet, in an attempt to end Portugal's most serious political crisis since the revolution 15 months ago, has been delayed to await the return from an official visit to Cuba of Brigadier-General Carvalho, one of the three military men named last week to run the country. General Carvalho shares authority with General Goncalves and President Francisco de Costa Gomes.

Lisbon newspapers said General Goncalves would also make General Carvalho a vice-premier, along with a civilian, Professor José Joaquim Teixeira Ribeiro, aged 67, an economist of Coimbra University.

President Costa Gomes yesterday postponed his departure for the European security conference in Helsinki to await the swearing in of the new Cabinet. The revolution began. He is due to leave Lisbon for Finland on Thursday.

The exclusion of Senhor Cunhal from the Cabinet had been expected as part of General Goncalves' plan to make the Cabinet non-partisan. Former governments had included political party leaders as ministers without portfolio. But when the Socialist Party leader, Dr. Mario Soares, took the Government and wrecked the coalition, General Goncalves seized on the opportunity to streamline the Government and ban ministers from it as party representatives.

The centrist Popular Demo-

cratic Party (PPD) later followed the Socialists out of the Government, leaving only the Communist Party and its satellite, the Portuguese Democratic Movement (MDP), with the military men in the Cabinet.

Officials indicated that Senhor José Veiga de Oliveira, a Communist Party member, would serve in the new Government as a transportation expert in preparation for more nationalization expected in that sector.

The Government in the meantime indicated it might make new rules for the Portuguese news media after complaining about distorted reporting by Portuguese newspapers from the Azores Islands. The Azores, whose residents are conservative and voted a big majority to the PPD in the April elections, have been promised more home rule to stifle growing talk of independence for the islands.

Earlier the Government had announced that it was imposing "control" on military information from Angola, where rival liberation groups have started a civil war in an attempt to seize power ahead of independence from Portugal, due to be granted next November. An Information Ministry spokesman described the control as routine in a situation of war.

In Sintra, a picturesque resort town 19 miles from Lisbon, non-Communists who tried to oust the left-wing municipal council yesterday clashed on the streets with Communists. An American CBS television crew said they were injured and their cameras damaged. Other foreign journalists were menaced by the crowd as Communists shouted: "Portugal for the Portuguese. We want no foreigners here!"—AP.

Our Lisbon Correspondent writes: In the Atlantic holiday island of Madeira there were also incidents during the weekend during a PPD rally, which ended in a demonstration against the Prime Minister and shouts for the independence of Madeira. The local security force and a patrol of a naval frigate kept order. A car which



Left-wing supporters shouting defiance from the medieval town hall of Sintra near Lisbon on Monday when a right-wing group tried to oust the leftist municipal council.

tried to break through a military cordon was fired upon and the driver injured.

In Lisbon a worker-student demonstration was broken up by police wielding truncheons last night. The students were making against an 85 per cent failure mark in this term's examination papers.

Although a Lisbon Underground strike which was announced for today was called off, garage workers all over the country are proposing to begin a strike on Wednesday. It will be called between 9 am and 11 am and will be prolonged by

one hour a day until it is full-time. The strike applies to workers in petrol stations and car parks as well as garages. Paris: Mr Olaf Palme, Sweden's Socialist Prime Minister, has called a meeting of European Socialists in Stockholm on Saturday to study the situation in Portugal, French Socialist Party sources said today.

Dr Mario Soares, the Portuguese Socialist Party leader, is to attend the session. The French party will be represented by M François Mitterrand, its leader, the sources said.—UPL

## The EEC's wealthiest region paradoxically faces acute financial strain because of dwindling population

## Hamburg seeks to bolster its image

From Roger Berthoud  
Hamburg

It was a pity that Mr Wilson had to leave Hamburg immediately after his brief talks there last Thursday with the West German Chancellor, and that Herr Schmidt failed in his attempt to lure France's President Giscard d'Estaing thither after his talks in Bonn.

Hamburg has become particularly in the past few years, one of the most pleasant cities in northern Europe.

Herr Schmidt's native city has also become, according to Brussels statistics, the richest single region in the European Community. But for all that, it faces acute problems derived from its double status as a city and a state (or Land) within the Federal Republic. Its coalition government of Social Democrats and Free Democrats intends to overcome them by making West Germany's largest single unit even more pleasant.

Happily, it is not Hamburg's pleasant which has been its bane, but its high cost of living. Its high cost of living, however, has been a blessing in disguise, for it has helped to bring in the commuters. "This loss of income, coupled with the economic downturn, has led to serious problems in the city's finances," Dr Biallas said.

Serious deficits are expected; and it is easy to see how these could accumulate when one considers the new 4km raised motorway-bridge soaring over the port and the even newer 2km tunnel under the river Elbe.

Yet Hamburg is losing its population to neighbouring

Schleswig-Holstein and Lower Saxony.

"If nothing is done, Hamburg's population will drop by 1985 from its present total of almost 1.8 million to 1.5 million," explained a professor of Free Democrat deputy Burgomaster.

"It's quite normal for people to leave big cities for the surrounding countryside. But because Hamburg is also a Land, as well as a city, we lose their taxes when they move outside its frontiers. It is not just people who go, it is industry too. But we still have to hand over some 10 per cent of our tax income to poorer Länder under the federal equalization scheme."

Those who leave the city state usually remain in the general area, and look to Hamburg for work, recreation and other facilities. Without the help of their taxes, the Land Government has begun to acquire a similar reputation; and the city fathers intend to do everything to foster it by improving amenities and encouraging all forms of culture.

Hamburg can reasonably claim to be the jazz capital of Germany. (I just missed the great Charlie Mingus at Onkel P's Carnegie Hall). Hamburgers have a positive obsession with English antiques, liberally supplied. Informal picture galleries, foreign restaurants, and relaxed, genuinely German pubs are springing up in residential areas.

True, there is still a grey zone between inner city and elegant outer suburbs housing migrant workers and the other socially deprived. The Senate intends to give top priority to rehabilitation.

Hamburg would like to be a model of civilized urban living. "The future of Europe will be decided in its cities," said the Senate spokesman. "If we keep them livable, we will win the battle."

The Senate is trying several

## Race riot in Detroit after fatal shooting of youth

From Our Correspondent  
New York, July 29

Rioting broke out last night in the Livernois Fenkell area of Detroit after a white bartender had shot and killed a black teenager who had been apparently tampering with his car.

Hundreds of black youths skirmished through the night with 700 policemen who were called into the ghetto area to deal with the emergency. By

dawn the trouble was reported to have died down. Only a small contingent of officers were still guarding the streets.

Citing the example of the 1967 Detroit riots, in which 43 people were killed and millions of dollars worth of property destroyed, Mr Coleman Young, the city's black Mayor, said that people, for the most part, had shown control of themselves and realized that there was no profit in burning down the city.

"I can assure you of one thing," he added, "I will get the facts and the chips will fall where they may."

## Italy police chief charged over French shooting

From Our Own Correspondent  
Paris, July 29

The head of Italy's anti-terrorist brigade in Rome, Commissioner Mario Vecchi, has been charged by the French authorities with the illegal use and carrying of firearms in France as a result of Sunday's shooting incident in St Raphael.

Signor Mario Tuti, an alleged member of the neo-fascist National Revolutionary Front, who is accused of killing two Italian policemen, was wounded and promptly arrested. It is expected he will be extradited shortly to Italy.

## Last guests quit Majorca's 'crack in the wall' hotel

From Harry Debellus  
Madrid, July 2

Majorca's "crack in the wall" hotel closes its doors today after failing to meet a government-imposed deadline to show proof of proper permits, which presumably include the results of a safety inspection. A spokesman for the hotel, the Carrousel in Palma Nova, said the last guest would be out today.

The final closure order took effect at 3 pm yesterday, but an additional grace period was allowed in order to avoid inconveniencing guests. Many of the 500 holidaymakers who were lodged at the hotel last week left at the weekend when their holidays ended on schedule. The hotel accepted no new guests over the weekend.

A local newspaper traced the inquiry by alleging that the hotel was in an unsafe condition. *Ultima Hora* called attention to the unauthorized reopening of the hotel early this year and suggested that tourists might be subjected to a dangerous situation because not enough rooms could be found to make up for overbooking.

A spokesman for the Ministry of Information and Tourism said in Palma that the hotel management and the owners would be subject to "administrative action", including possibly a stiff fine, if they were found to have violated Ministry regulations.

It is not known how many of the guests were women, but the hotel was British. A consular spokesman said in Palma that he has received no complaints and that there appeared to be sufficient space in other hotels to offer equal or better accommodation to the ousted guests.

He added that the overbooking problem of the past two weeks seemed to have been overcome with the opening of another hotel which had been closed during the low season.

*Ultima Hora* had reported that the Carrousel, formerly owned by Clarksons, was operating despite the fact that the building had been sealed off because of danger of collapse. Although it was originally opened only five years ago a large crack has been evident in an outside wall since shortly after it was built.

The hotel reopened under the new management to ensure that the kitchen and dining room were among the sealed-off areas, guests were required to take their meals at another hotel nearby. A team of officials accompanied by a construction inspector inspected the hotel last Thursday.

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## House of Commons

have reached the desired level. I am grateful to the Government for the help that has been given to the industry. I am sure that the industry will be able to meet the demand for the future. I am sure that the industry will be able to meet the demand for the future. I am sure that the industry will be able to meet the demand for the future.

**MRS MARGARET THATCHER** (Leader of the Opposition) (Baroness Fitchie, C1)—On Labor's side, saying that the private car is efficient and so good for the country, and that the public car is inefficient and so bad for the country. Can the Government say that the private car is efficient and so good for the country, and the public car is inefficient and so bad for the country?

**MR SHORE**—This kind of a simplified free enterprise system is not the answer. It is not the answer to the future of the civil aviation industry—a highly regulated industry, where there is a lot of competition. Anyone who wants to do anything about it at all knows that the great problem is not the competition, but the capacity of the industry.

**MR CRYER** (Kearney, L1)—On this side his decision not to take the industry out of the hands of the Government for 12 months will be widely welcomed. Many of us believe that the industry has been disastrous. A lot of us will view with surprise his decision not to take the industry out of the hands of the Government for 12 months.

**MR SHORE**—One of the points that I considered was the ability of the British Caledonian to do the job. I considered that, in other things, that I feared that such a solution was, in fact, the only one that was possible. I was anxious to do this—it would be a considerable reduction in the number of people employed at Gatwick and in that area.

MR. BENN, Secretary of State

MR. MCGRINDLE (President, Ontario and Otago, C) said it was vital to only that the Government's inflation policy should be such as to get public support. In all circumstances (he continued) the Government should get the support of the public. It is essential for the Government to announce on a quarterly basis are the rogue elephants—unions, employers, and the public. We must keep the public in support of the Government in their policies.

MR. BOOTH—It is of the utmost importance to have public support for the Government's policy of identifying the culprits necessary for that purpose. The public will readily recognize who the culprits are. The Government, as far as it is intended to combat inflation, by the way of prices move in our shop.

MR ROOKER (Birmingham Perry Barr Lab) was given leave

only that the Government's inflation policy succeed but that it should be seen to succeed in order to create the right economic circumstances (he continued) to get the support of public opinion; it not vital for the Government to announce on a regular basis that it was a "telephone union" to employers? This would certainly help the public in supporting the Government in their policy.

MR. BOOTH—The speaker is right in saying that it is important for the policy. Not only the question of identifying the culprit necessary for that purpose, but also the question of the timing. There is success in the policy, as far as it is intended to control inflation, by the way in which prices move in our shop.

MR MICHAEL LATHAM (Mel-

carry it through we make a serious contribution to ending the inflationary threat to the country. It is a very real relationship."

**MR BOOTH, Minister of State for Employment,**

**MR MCCRINDLE (Brentford and Ongar, C)** said it was vital to the country that the Government should initiate a policy of public support. But that should be seen to succeed in order to get public support. In the circumstances of the country, it was not vital for the Government to announce on a quarterly basis who are the rogue employers and who are the good employers. It would considerably help the public in supporting the Government in their policies.

**MR BOOTH—**It is one of the utmost importance to have public support in the way of the public and only the identification of identifying the culprits necessary for that purpose. The public will readily recognize when the Government are making a move as far as it is intended to counter inflation, by the way in which the prices move in our shops. The

MR FRED MULLEY, Sec  
of State for Education and Sc

MR. BOOTH—It is my desire to identify the C groups of organized world-wide trade unionism. This is one of the reasons of the utmost importance of the do not go ahead with a ment espionage system but rather to get the TUC in order that we may have proper measurements of the effects of these policies.

MR TUGENDHAT, an Opposi- Has the minister any info-

C) said the State probably be accept-  
judging  
sons fell

When the report stage of the ment would not have the inform- Whether they would ex

to claims rather than settlements had to be considered. They should be satisfied that claims were not at all meaningful, not given serious consideration until well after the first discussion.

Even where claims were excessive they were often reduced in the process of negotiation. Claims would not necessarily be a sign that the policy would be breached.

I see no value in the compulsoriness of claims, the said. There would be further additions to the staff of my department with our prospect of significant gain in terms of the efficacy of the policy, as a whole.

**House of Lords**  
Today at 2.30. Debate on the Bill

The main effect of the amendments would be to place an burden on the employers, on of penalty, to supply inform

### House of Lords

Mr. PAIDOR, Opposition spokesman, said that the bill would require C1, said employers were worried about what happened when in an area the firm did not notify and paid out \$28, 49 or 111 week, as some undoubtedly would to, while other firms were trying to get the bill passed. He said that happened there would be unfairness and bitterness.

The new clause was being introduced by the Government just did not want to know.

The new clause was negotiated.

**be exempt**

employees and employers and those resulted from the terms of existing contracts. The new clause would also be separate from pay limit. That was also the case.

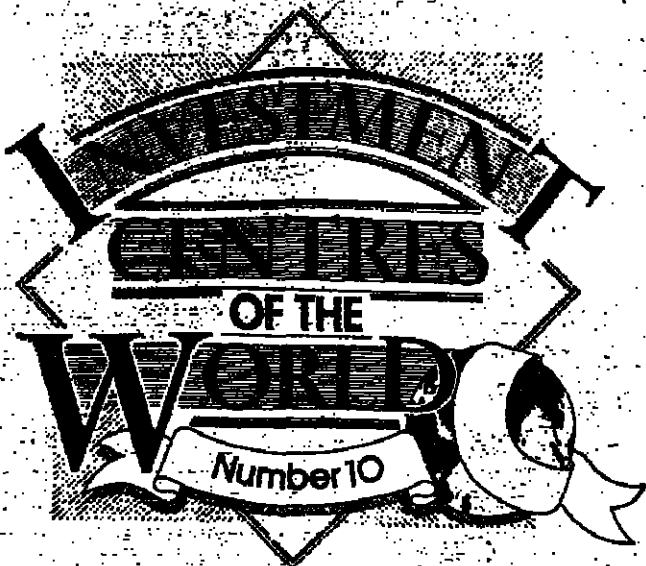
MR. CALLAGHAN (Middleton and Prestwich, Lab) asked the witness whether there were circumstances which possibly a liability could

The new clause was rejected by 266 votes to 245—Governors

MR RICHARD WAINWRIGHT (Colne Valley, L.) moved a new

The new clause was rejected by 265 votes to 245—Government





# Minas Gerais

On this and the next page Michael Frenchman and Patrick Knight look at some of the latest developments in one of the fastest growing areas of Brazil

## The '10 per cent state' with room to expand

They call it "the 10 per cent state" of Brazil—10 per cent of the population, of the gross national product, and of investment. Most people outside Latin America have probably never heard of Minas Gerais, the third most important state of Brazil after Rio de Janeiro and São Paulo. It is about the size of France and lies to the north-east of the prosperous Southern Region. It is important because it is becoming one of the principal industrial centres of Latin America.

It is already growing faster than São Paulo with its teeming millions, its pollution, its meningitis, where money comes first and

human life a poor second. Belo Horizonte, the state capital, hopes to avoid the catastrophic mistakes made by the planners in São Paulo. It indeed has ever formulated. Already the problems and stresses of a population of 1,700,000 are being felt in Belo Horizonte. Nearly 750,000 people live in standard homes—slums, favelas—call them what you will.

Senhor Luis Verano, the Prefeito, the new mayor of Belo, is adamant that he will do all he can to avoid the ghastly errors of São Paulo, which is now an investor's nightmare. "We are number three in

population in Brazil but only number 10 in terms of municipal revenue, Senhor Verano complains. "And this is our big problem in Belo, which gets only \$40m a year in revenue".

Belo Horizonte, at the foot of the mountains, with towering buildings and bustling buses, is an inner cocoon of businessmen and bankers. It is Brazil's latest boom town. As one man in Rio said about the Minasians: "They are a bit like Scotsmen. They like to keep their money, but now they are learning how to invest rather than spend it."

Steelworks, the huge Fiat car factory, smelters, cement works, fertilizer factories and foundries all contribute to the investment climate now attracting international interest, which has hitherto gone to São Paulo.

Minas Gerais has room to expand. It is strategically placed for the supply of primary raw materials. There is an abundance of semi-skilled and skilled labour, and adequate energy resources. Its geographical position makes it an ideal distribution centre. Most important of all is the fact that a fundamental service infrastructure already exists.

As Senhor Reis Velloso, the Minister of Planning, explains: "Belo Horizonte is the third point of the triangle with São Paulo and Rio de Janeiro. It is a key factor in the general development plan for the country and has an increasingly vital role to play."

Much of the credit for the investment atmosphere must go to INDI—the Industrial Development Institute of Minas Gerais—which has attracted \$8,000m worth of investment in the past three years. This covers 480 projects which have actually started or been approved for development up to the beginning of last month. These projects have created 145,000 new jobs in the metal and food industries alone.

that will be developed alongside. We are also planning to go into the agribusiness in a big way; something like \$3.4m investment is planned in this area alone this year".

Brazil is a big country where every plan is prepared in the grand manner. After a while the noughts at the end of figures cease to have much meaning. Dr Nogueira talks of a project which will eventually produce a million pigs a year, others for 200,000 Fiat cars, 40,000 hectares of citrus fruit trees, 3,000 hectares of tomatoes, \$90m investment in new sugar plantations, and 50 million tonnes of iron ore a year from three mines alone.

Mining and the rush for gold and other minerals in the early Portuguese colonial days put Minas Gerais on the map and gave it its name which means literally "general mines". And today Companhia Vale do Rio Doce (CVRD), the nation's leading mining company, is the main commercial force in Minas and one of the most influential in the country.

"Valley", as it is locally known, is a state-controlled company which has ripped out whole mountain-sides to get at the iron ore. Frustrated by lack of government aid for development by other agencies, it has built its own railways to the coast, where it has constructed its own ore-loading port at Vitória.

At the same time as huge scars deface the countryside, "Valley" is planning thousands of millions of trees in an effort to diversify into the pulp and paper business. Its planned investment in reforestation and subsequent pulp operations is expected to reach \$300m in the next four years. It is also developing a recently discovered phosphatic deposit which with others found outside the state will make Brazil almost self-sufficient in fertilizers.

CVRD is everywhere in Minas Gerais. Some people, with a little justification, claim that CVRD is Minas Gerais. In mineral resources Minas Gerais is not perhaps the richest area of the country and to supply four or five paper and cellulose factories. By 1980 1,500,000 hectares will be planted. Several hundred tons of paper and cellulose will be produced each day, satisfying both national demand and providing substantial surpluses for export. Forests are being planted on land unsuitable for other types of agriculture—in a state which is the most mountainous in Brazil—yet sited so as to keep transport costs to a minimum. The equipment required for this sector is to be manufactured locally. It is estimated that forestry will eventually provide employment for a million workers.

Another important industry using minerals found in the state is that of clays and refractory materials, of which Minas Gerais is the nation's leading producer. Only 40 per cent of urban housing in Brazil has running water, and 30 per cent are on main drainage, contributing to the alarming health statistics of large cities. There is a new scheme to improve water supplies and drainage and it is planned that 80 per cent of homes should have a water supply, and 50 per cent be on main drainage by 1980, which will keep demand for clay products at a high level.

Though the state has Brazil's largest cattle herd of 12 million head, with an annual kill of 1,200,000, only half of the hides are used within the state. This will shortly change, as several shoe factories are to be built, one of which will make 30 million pairs of shoes a year by 1980.

P.K.

But many businessmen from other countries which are already firmly established in Minas Gerais believe that conditions are right. Further, they add that the good will for any British entrepreneur is strong. Any hint of British involvement would be welcomed in Minas Gerais.

INDI, CEMIG and all the banking and commercial agencies are generally well organized and efficient. Booklets, brochures and leaflets proliferate, and all in English. In many respects the skill in promotion of the Minasians greatly exceeds that of the rival paulistas and the Cariocas of Rio.

But unfortunately the excess of paper, whether for promotion or for transaction of business, means a seemingly growing octopus of bureaucracy. According to one senior government official, this is something that Brazil inherited from the French—an outdated bureaucratic system which still permeates all levels with its idiosyncrasies and meaningless demands.

If Brazil is to develop as fast as the planners predict, they must import another

French tradition, the guillotine, to cut through the red tape.

If it can be done anywhere in Brazil the Minasians will certainly lead the way. They are a proud people, intelligent and outspoken. Traditionally they have been a power to be reckoned with since the memorable period at the end of the seventeenth century when they rose up and attempted to gain an early independence from Portugal. As a reminder of these turbulent times there is a Museum of the Revolution at Ouro Preto, two hours' drive from Belo and one of the most charming historical towns of Brazil.

As the economy of Minas Gerais grows and the manufacturing capacity increases a new catchphrase is already spreading throughout Brazil: "Buv Mineiro". For some investors from overseas it could be a good "buy" too.

M.F.

Strong in basic products

As Dr Togo Nogueira de Paula, director of INDI, explained: "In the past four years we have tried to diversify from being primarily a small farm agricultural based economy. We now provide 40 per cent of Brazil's steel, 70 per cent of the cement, 70 per cent of the aluminium, 75 per cent of zinc and 66 per cent of all other mineral ores."

"We are very strong in basic products. One of our main objectives is to diversify even further and initiate a greater manufacturing capacity, such as the new Fiat complex and the associated motor component factories

try and to supply four or five paper and cellulose factories. By 1980 1,500,000 hectares will be planted. Several hundred tons of paper and cellulose will be produced each day, satisfying both national demand and providing substantial surpluses for export. Forests are being planted on land unsuitable for other types of agriculture—in a state which is the most mountainous in Brazil—yet sited so as to keep transport costs to a minimum. The equipment required for this sector is to be manufactured locally. It is estimated that forestry will eventually provide employment for a million workers.

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P.K.

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Urchins in Belo Horizonte, state capital of Minas Gerais.



Urchins in Belo Horizonte, state capital of Minas Gerais.

## Big plans for heavy industrial base

Although the industrial base of Minas Gerais is being rapidly broadened, and a range of new industries are establishing themselves on the existing industrial estates and in other industrial areas, the new state Government has three priorities for development. These are: the steel industry, heavy machinery and the motor vehicle and agricultural machinery manufacture.

Production of iron ore, more than 90 per cent of which comes from Minas Gerais, is planned to reach 133 million tons by 1980. The state will increase its own consumption from 16 million tons to 33 million tons by 1980, while supplies to other states and exports will rise more slowly from 75 million tons to 100 million tons by 1980. Brazil now has to export 30 to 40 tons of iron ore to pay for a ton of finished steel and Minas Gerais only receives a small proportion of total revenue for its 65 per cent iron content ore.

Steel production by existing plants and those under construction will be expanded to nine million tons by 1980. Plans for another new plant recently announced by the new administration will further increase output to 12 million tons. This is part of the expanded national steel plan, aimed at pushing Brazil's total output above 30 million tons by that time.

Besides steel, the state is a large producer of alloys, notably titanium, molybdenum, and vanadium. Steel production of these metals is mixed so important, new plants are also being built. The state is also a large producer of aluminium, of which the state is the sixth largest producer in Brazil, and it is unlikely that more will be permitted.

Such an investment is as important for the large number of ancillary industries which will be needed to supply the steel industry. Twenty-five component firms are setting up, representing a further 6,200 jobs. Several heavy motor equipment firms are also coming to the state, among them General Motors Terex Division, to produce large off-the-road trucks, front loaders and scrapers; Fiat-Allis-Chalmers who will make agricultural tractors; Poclain, to manufacture excavators; and Barber Green, which is located in the Sudene area in the north and will therefore qualify for special help in its production of road building equipment. On a smaller scale, but important as an employer of 1,500 men in the Sudene area will be Peugeot, which is to manufacture 150,000 cycles and mopeds a year.

There are projects in the electrical cable and telecommunications industries and one of the most advanced factories in Latin America, the Transis semiconductor plant, attracted by the incentives available is to be located paradoxically in one of the most backward regions of Brazil, the Sudene area of Minas.

The building of the new high speed "steel railway" from Belo Horizonte to the steel plant of Volta Redonda and on to São Paulo will give the state the nation's foremost rail system, and benefit its two railway wagon manufacturers.

Besides metallic minerals, there are substantial reserves of limestone in Minas Gerais and large deposits of phosphates, recently discovered. As part of the national plan, these will receive considerable attention in the next five years.

Minas Gerais produces 30 per cent of Brazil's cement and sends 60 per cent of it to other states, mainly Rio de Janeiro and São Paulo. Despite the cement being 500 km from these markets, its high quality makes it attractive. When the steel rail-

way is completed, newly constructed block trains will speed supplies to customers. By that time 500 75-ton capacity wagons will have been built. Production will reach 57 million tons by 1980, so Minas will remain the nation's major producer.

Brazil is short of the raw materials required to produce fertilizer and the amounts used in agriculture are low. To achieve a planned growth in productivity of 7 per cent, the aim of the present Government, it is expected that some 75 kilos of fertilizer will be used per hectare by 1980, a substantial jump from the present 20 to 30 kilos. With newly-found reserves estimated to total 350 million tons of phosphatic rock, as well as existing known reserves, Minas will be able to substantially supply the phosphates required.

The climate, altitude and soil conditions of Minas mean that trees grow at rates seldom attainable elsewhere. Research and experimental planning have shown that eucalyptus trees can be grown to maturity within seven years and pines between nine and 12 years, yielding 36 cu metres of wood per hectare each year. This compares with yields of three cu metres a year in Scandinavia and 12 cu metres a year in the United States.

The iron and steel industry of Minas consumes enormous quantities of wood. Present demand is for 15 million cu metres of charcoal, rising to 24 million cu metres by 1980. Six trees are required to produce a cu metre. The situation is now critical, forests having been decimated and the environment severely damaged. Supplies now have to be trucked 500km.

A massive planting programme is under way and wood from the many new forests planned by central Government, state government and those planted by the iron and steel companies themselves will eventually be sufficient for the indus-



# Development programme will generate local employment and stem brain drain

The state of Minas Gerais has been in the forefront of establishing a system of banks and special agencies to encourage industrial development. People there have identified areas of the economy which should be developed, carried out feasibility studies and established the necessary public services. They make financial arrangements and offer a wide range of more specialized services.

In recent years a goal has been to gain maximum value from goods produced within the state to stop being a mere supplier of minerals and agricultural raw materials to the industries of São Paulo, Rio de Janeiro and the south. The value-added tax system now adopted has given an added incentive for Minas Gerais to develop. Manufacturing and processing regions retain this now substantial tax to the detriment of states producing only raw materials or retailing finished goods. More than 80 per cent of Minas Gerais' income now derives from the sale of raw materials, but this will rapidly change.

Minas Gerais was one of the first states in Brazil to establish a State Development Bank, the Banco de Minas Gerais (BDMG), in 1962. Its first task was to study the state's economy and set about encouraging industrialists and investors to bring about harmonious development and avoid mistakes made elsewhere. Industry is being encour-

aged to locate away from the now overcrowded city of Belo Horizonte, which has 1,700,000 inhabitants and is Brazil's third largest city. There are plans to develop the whole state, using its resources to generate local employment, increase total productivity and cut the flow of people to Belo Horizonte and other states—a brain drain which has been costly to Minas.

The state's gross national product should increase by at least 10 per cent annually in the next few years, and 25 per cent of industry's profits are to be reinvested. BDMG plans to provide 21 per cent of the capital necessary for this growth in future compared with 14 per cent in 1974.

The BDMG is the agent within Minas for the Central Bank, the Bank of Brazil, the National Housing Bank and the Bank for the Development of the North-East. Most of its funds come from these and similar sources, destined for projects within the area of responsibility of the particular agency. The Development Bank now plans to increase local capital participation from such sources as CEMIG, the power authority, the CVRD iron and steel company, and other large enterprises in Minas, funds which could be used at the discretion of the bank and provide more flexibility.

BDMG has expanded fast in recent years, and grew 60 per cent in terms of applications for funds; 210 per cent in terms of capital available

in 1974, and similar advances are expected this year. It lends working capital and finances investments for companies locating in Minas, besides offering a range of more specialized services.

In association with CEMIG, the BDMG was instrumental in the creation of the Industrial Development Institute (INDI) in 1969. INDI has been involved in the growth of investments in Minas, and for ensuring that they have come in a rational way. Its first task was to study the state's potential, to relate this to the potential and plans of other states, to predict demands from the country as a whole and trends in the world economy.

Once this was completed, surveys of different sectors and regions were carried out. More than 200 detailed viability studies have now been made, half for specific clients, the rest available to potential investors. A newcomer to Minas is likely to encounter INDI first, and its 50 staff carried out 1,200 interviews during 1974. Half the contacts were from the United States, of the 20 per cent from Europe, Germany and Italy predominated.

During 1971-74 projects representing an investment equivalent to \$8,800m and the creation of 145,000 direct jobs were approved for Minas Gerais. It is expected that a similar amount will be attracted between now and 1980, with the creation of a further 103,000 jobs for a state which still has con-

siderable underemployment and unemployment.

Assistance from INDI is free of charge to the client, being financed by its sponsors, BDMG and CEMIG. It runs a data bank, helps investors in dealing with Government agencies, choosing locations, negotiating incentives and providing general market and raw material information.

The state energy authority (CEMIG) has been deeply involved in promoting the industrialization of Minas. This is because it has been a surplus authority in recent years. Half the power generated within Minas, a total of 6,700 megawatts, is sold to neighbouring states, substantially by Furnas, the large company operating jointly in Minas Gerais and São Paulo.

There is no likelihood of there being any shortage of power in the next decade; 16,000 megawatts will be produced by 1980 and thoughts are turning to the use of nuclear power after the total hydroelectric resources of the state, estimated to be 25,000 megawatts, have been exploited. Large power stations are being built along the four main rivers which drop down towards the coast.

Created in 1971, the Industrial Estates Organization (CDI) is now the second largest mixed enterprise in Minas with a capital of \$22m. Its role is to plan and build new industrial estates and take over existing ones

in a plan to establish a network of strategically sited estates. There will be 16 by 1977 (there are 10 now) covering a total area of 12 million sq metres.

Besides those in and around Belo Horizonte, there is a dual programme of setting up estates in the south close to the markets of São Paulo and Rio de Janeiro, and also in the Sudeste region of the north where special advantages are offered. Two estates have been established in the region, one with river transport to the far north and on to the state of Bahia, 1,200 km of navigable waterway.

The Development Bank and its offspring, INDI, finance and cooperate with a large number of more specialized agencies. In agriculture, for example, ACAR, which besides being an agricultural extension service, with 2,000 agronomists advising the farmers of the state, is a rural credit agency, encouraging recipients of loans to adopt modern procedures as they make investments.

Despite the initial reluctance of farmers to accept the inevitable controls and extra work involved, the success of the scheme far outweighs the disadvantages. Included in the package is insurance against crop failure, a considerable bait.

Another agency is CEAG, which aims to improve the quality of management of small and medium-sized com-

panies. A policy of the Geisel administration is to stimulate private industry and commerce to play a larger role in the Brazilian economy, which for many reasons is still overwhelmingly controlled by large national and state enterprises, or by multinational companies.

The bank also provides funds for large-scale projects, such as the agro-business enterprises of the north. One of these will include one of the largest sugar mills in the world, with an annual output of 9,000,000 60-kilogramme sacks a year. Irrigation and drainage schemes and the large reforestation plans are also supervised by Rural Minas.

In the area of mineral research and development there is a state mineral resources agency, and METAMIG carries out studies for the strategy of the whole of the metal extraction and processing sector, investigating the potential of discoveries made and planning how best to exploit them.

All these agencies are under the control of the state government, which changed in April with new men occupying the key posts. The same party ARENA remains in power, however, and, according to the Secretaries of Industry and Commerce, and of Planning, little change of direction is expected.

P.K.

## Incentives in town and country

Brazil has for several years now appeared the most attractive country in Latin America to the foreign investor, drawn by political and industrial peace, low labour costs, a large home market and encouraged to export.

Equally influential has been the range of fiscal and other incentives offered to the new investor, and the entrepreneur who substantially expands his enterprise over a short period.

Measures are flexible and vary according to region, whether the industry has priority—as do those associated with iron and steel and other metals—if the new company is to manufacture machinery, which will enable imports to be reduced in future—or if the company exports a significant proportion of production.

Certain agricultural enterprises, notably in forestry and livestock production for export, are aided, while the Government plans to increase tourism. Consequently aid is given to hotel construction and the building of leisure facilities. Special incentives are also given to industries which locate in the northern part of the state, administered by the North Eastern Development Authority, SUDENE.

This area forms 16 per cent of Minas, and 120 firms have already benefited from the fiscal incentives offered. Taxes paid on profits may be reduced; and as Brazil has recently adopted a value-added tax system, this may also be lowered. Twenty per cent of this tax is payable to the municipality where the industry is located, 60 per cent to the state treasury.

Industrialists may qualify for a general reduction—usually by 25 per cent—of the municipality might offer a reduction of its share. The company might also be exempted from municipal rates and taxes for up to 10 years from inauguration.

Other measures are designed to attract entrepreneurs into mineral exploration and exploitation. Depletion allowances of 20 per cent are allowed, while up to 90 per cent of research and prospecting expenditure can be recovered from the Government, even if the prospecting proves negative. The Industrial Estates Organization (CDI) which now administers 10 estates in the state, with a further six to follow by 1977, makes things easy for the investor who decides to locate on an estate.

## Rail system to be improved

Infrastructure works are provided free, and embrace all services, including paved roads and in many cases rail links. The railway system is somewhat deficient but is to be improved over the next few years. In one case river transport over a long distance is available. Industries which locate on estates, exempt from municipal taxes for 10 years. Various special services are provided by the CDI, which will undertake site clearance and levelling and erect buildings if this is required.

Firms establishing in Brazil for the first time have duties reduced on new equipment if of Brazilian manufacture, or, if their requirements are not available in the country, from abroad.

Its geographic position makes Minas Gerais particularly attractive. The state is adjacent to the most densely populated and wealthy states of Brazil, São Paulo and Rio de Janeiro, as well as being astride the major routes to the rapidly growing capital cities of Brasília and Recife, pass through the state. The southern part of Minas, where 10 industrial estates will eventually be sited, is only 150km from São Paulo, easily reached by truck in four hours.

Minas Gerais has many engineering schools and technical colleges, as befits a state specialising in mining and mineral processing, but half the industrially trained manpower is working outside the state. Many of these people would probably be glad to return to the more attractive working conditions of Minas. Operating costs are lower than in the manufacturing states of the coast, and labour costs form only 9 per cent of total factory expenses.

The recent rapid growth of Minas Gerais has been largely attributable to its good transport facilities and abundant power supplies. It has one of the best road networks in the nation, and for many years has been in a position where the supply of electricity exceeds demand. Tariffs have been held down, and the state power authority, CEMIG, despite a complex and extensive building programme, has laying off a new 500MW grid and has started a hydroelectric programme able to provide the cheapest industrial bulk tariff in Brazil, competitive with anywhere in the world.

P.K.

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## Endless acres open for cultivation

Minas Gerais is responsible for almost a fifth of Brazil's agricultural output, and with only a tenth of the country's population, the state is a major exporter of food to other states and abroad.

It is a major supplier of meat and dairy produce and provides 45 per cent of Brazil's milk, 60 per cent of butter and 70 per cent of cheese from the excellent grazing lands of the south and west.

These areas supply the cities of Rio de Janeiro and São Paulo. The production of soyabean has risen from 800 tons in 1970 to 80,000 tons last year, and three million tons are anticipated for 1976. Four million tons of sugar were produced in 1974.

If the past and present have been successful, the future looks promising. Only 6 per cent of the state—larger than France and Belgium combined—is cultivated, yet 40 per cent could be utilized. Plans being implemented will increase output substantially and make use of vast tracts of previously uncultivated land.

Much of the north and west is particularly suitable for Large Integrated Agricultural Projects (LIAPs) and several are being set up within an area of four million hectares of parched scrub land. That will involve an investment of perhaps £2,000m and some of the largest agricultural and food companies in the world are participating. When completed, Minas Gerais will become one of the foremost food producing regions of the world, according to the experts.

The area is now almost empty. It covers 110,000 sq kilometres yet only 450,000 people live there. Left to their own resources, the inhabitants—subsistence farmers trapped by the lack of markets for their surplus, with no mechanical aids or regular water supply and without credit to permit improved methods to be adopted—have never been able to do more than scratch a living.

### Few likely to be displaced

The LIAP concept involves applying the capital-intensive methods of the Brazilian industrial "miracle" to the area. LIAPs have to be very large indeed, to justify the big investment, and besides exporting most produce local demand has to be created to help to make the plans succeed. All processing is done locally and only high value canned frozen or packaged foodstuffs leave the area.

Few farmers will be displaced by the creation of the LIAPs. Besides those workers directly employed by the operating companies, small producers will be encouraged to set up on the fringes to supply the large-scale processing plants. They will be aided by the companies or the state, but the small farmers will provide a proportion of the capital themselves, thus helping to keep overheads down.

There is no shortage of other necessities besides capital. Plenty of potentially fertile land is available, several large rivers flow through the area, major markets are far away and modern communication are being created with emphasis on high-speed rail links.

Substantial deposits of phosphates have recently been discovered in the state. Only by making enormous investments, however, is it possible to harness all these resources, and LIAPs are not a way to produce very cheap food. Prospects are excellent, however, as the combination of very fertile land and an ideal climate have given extraordinary experimental

yields and the region is already well served with road links to the main cities and ports.

One of the biggest complexes will be the 200,000-hectare Jaíba scheme. Half the area will eventually be irrigated, and 100 kilometres of irrigation channels are being laid, initially extracting 50 cubic metres of water a second from the massive São Francisco River.

The São Francisco, navigable for 1,200 kilometres, borders the scheme on one side, while the River Verde Grande forms the eastern and northern boundary. Test plantings have shown that 72 tons of tomato a hectare can be obtained, while 50 tons is normal, compared with the 15 tons considered good in São Paulo state. Even triple cropping is possible.

### 75 types tested for yield

Cornerstone of the Jaíba scheme will be sugar cane, and it has been shown that 150 to 200 tons of cane a hectare can be produced in the area, one of the world's highest yields. Test plantings of 75 different types of cane were made before the highest yielding variety was identified. About 35,000 hectares will eventually be irrigated for sugar planting, and 800,000 tons should be produced by 1977. Output will eventually reach nine million 60 kilo sacks a year, giving the mill the largest output in the world.

Production of cane will be concentrated within a 12 to 13 kilometre radius of the mill, initially within an 8 to 9 kilometre radius, to keep transportation costs to a minimum. A total investment of about £140m is being made in the scheme.

Among the large firms investing in the Jaíba project are Campbell Soup, Corn Products, Nestlé and Ger vase-Danone, while a co-operative of 300 carefully selected families from the south of the state is being set up on 56,000 hectares. They will produce vegetables, cereals and fruit.

It is possible that the biggest investment will be made by a Japanese consortium, which intend to export much of the produce directly to Japan. Twenty-three projects have so far been approved for Jaíba.

Jaíba is not the only scheme of its kind. Already in production is the North West Development Pole, sited alongside the road linking the state capital Belo Horizonte with the federal capital Brasília. Brasília is an area of high consumption, and now has almost a million

inhabitants, not including those who live in the many satellite cities.

The north-west of Minas Gerais is in a very good position to supply the rapidly growing region. Covering 3m hectares, larger than Portugal, its irrigation schemes use water held back by the Tres Marias hydro-electric scheme, higher up the São Francisco river from Jaíba.

The largest of the companies located in the North Western Development Pole is National Bulk Carriers, which is planning to produce cattle, pigs, soya, sorghum, animal feeds, citrus fruits, pineapple and tomato in an investment totalling about £120m. The scheme covers 200,000 hectares. Production is expected to start in three years and reach full capacity in 10.

The state plays a very large role in the establishment and running of the LIAPs. As well as providing roads, electricity supply, the basic irrigation network and other facilities, such as schools and medical assistance, it is prepared to lend funds. Money may be available for land improvement, erosion prevention, purchase of machinery, fertilizers, seeds and pesticides and for help in harvesting.

Besides supervising the establishment of the LIAP schemes in the north and north-west of the state, the Ruralminas agency is undertaking the drainage of the south of the valleys in the south and east. Here the land drops to 200 metres above sea level, compared with 2,000 metres in the centre.

At present, only 60 per cent of the valley land of Minas Gerais is even partly utilized. Many valleys are periodically affected by serious flooding, which until now has been a recurring calamity of both rural and urban life in much of Brazil.

Many rivers are being canalized in a programme costing about £100m; 57,000 hectares will be improved in the first stage of the programme in land which is particularly suitable for rice, vegetable and even wheat production. It is hoped that before long, domestic production of new varieties will enable Brazil to stop importing wheat, a heavy item on the balance of payments deficit.

Besides having the main concentration of dairy cattle, the south of the state is also the main coffee producing area. Plantings now being carried out will soon result in Minas Gerais being close behind the two leading coffee producers, São Paulo and Paraná. About 600 million bushes are to be planted, 270 million in the next five years, 50 million this year.

To help achieve all that, the state is working on a damage.

That is a continuing danger in much of Brazil. One result of the new planting is that the ubiquitous eucalyptus and pine are ousting the slower growing indigenous trees. The new types have very rapid rates of growth, and can reach cutting maturity in between seven and nine years in the ideal conditions of Minas Gerais.

With a policy of maintaining its traditional specialities and the enormous advances now commencing in agriculture, Minas Gerais will certainly continue to be the nation's foremost agricultural state, at the same time as its industrial structure is built up.

P.K.

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# Europa



## The first truly European newspaper.



Cowboy saddling up on a big estate in Minas Gerais.

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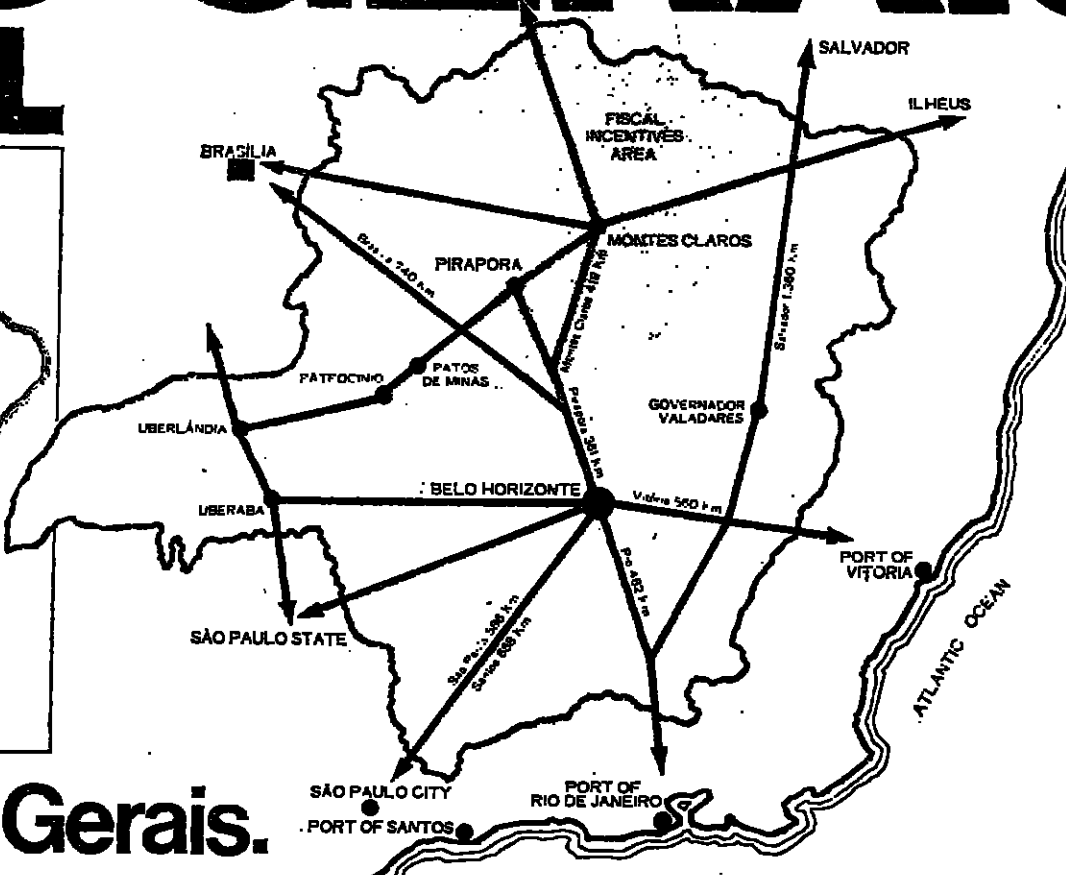


# Come to a booming state in a booming country. If you have a booming industry.

Minas Gerais is the new Brazilian industrial frontier, open to new industries, new investments and inevitable success. Diverse incentives encourage foreign entrepreneurs to invest in the State of Minas Gerais: plentiful electric power; a sizeable pool of labor - specialized and at low costs; well-developed transport and telecommunications networks; huge (and largely untapped) reserves of minerals and other raw materials; proximity to the main consuming markets and exportation ports; up-to-date educational systems - at all levels, together with an already strongly based industrial tradition. And most important, a receptive and cooperative State Government with a functioning program to provide the infrastructure and business environment which is essential for the establishment of viable profitable industries. All of these factors are reasons why companies should participate in the industrial growth of Brazil and, in particular, of the State of Minas Gerais.

## MINAS GERAIS

### BRASIL



### You will be in good company.

General Motors, Fiat, Mitsubishi, Cements Lafarge, Krupp and Nestlé are just some among dozens of international companies which have decided to establish facilities in Minas Gerais - in the last 4 years alone. Some from Great Britain are: British-American Tobacco, British Oxygen, Mac Laren, Rio Tinto Zinc, Associated Portland Cement Manufacturers and Fosco Minsep Ltd.

### Six other reasons to invest in Minas Gerais.

Today Minas Gerais offers the most helpful support system for investors, comprising the following state-government agencies:

**Secretaria da Indústria, Comércio e Turismo**  
(State Secretariat of Industry, Commerce and Tourism), supervises and controls all activities pertaining to the expansion and diversification of industry in Minas Gerais.

**INSTITUTO DE DESENVOLVIMENTO INDUSTRIAL DE MINAS GERAIS**  
(Institute for the Industrial Development of Minas Gerais), provides technical assistance and special feasibility reports to interested entrepreneurs. INDI can provide, gratuitously, information and orientation to the investor with regard to industrial markets, raw materials, labor, utilities, incentives, land and other factors of significance to the investor's project.

**CDI-MG Companhia de Distritos Industriais de Minas Gerais**  
(Industrial Districts Company of Minas Gerais), establishes and administers industrial districts throughout the State of Minas Gerais. These districts are provided with all the infrastructure necessary to establish your factory.

**CEMIG-CENTRAIS ELÉTRICAS DE MINAS GERAIS, S.A.**  
is one of the largest electric companies in Brazil and supplies electric power to the entire State of Minas Gerais. Its present installed generating capacity is 1,800 megawatts and will exceed 4,300 megawatts by 1980.

**BANCO DE DESENVOLVIMENTO DE MINAS GERAIS**  
(Development Bank of Minas Gerais), provides complete financial services for eligible companies, and is the principal source of long-term financing, with special conditions for fixed and working capital loans. Besides utilizing its own resources the BDMG also has access to federal funds. In 1974 alone BDMG financed about U.S.\$ 200 million.

**BANCO DE CRÉDITO REAL DE MINAS GERAIS S.A.**  
a part of the state-owned banking system, supplies enterprises with advantageous financial support programs.

#### Get in touch with Minas!

More information on Minas Gerais and the many opportunities it offers to investors will be gladly sent to you. Just contact any of these addresses of INDI - Instituto de Desenvolvimento Industrial de Minas Gerais:

**Main office:**  
Rua da Bahia, 888  
30.000 Belo Horizonte  
Minas Gerais - BRASIL  
Telephone: 226-4599  
Telex 311-124 and 311-268

**Rio de Janeiro office:**  
Avenida Nilo Peçanha, 50 - 4º andar  
20.000 Rio de Janeiro  
Rio de Janeiro - BRASIL  
Telephone: 252-1292

**São Paulo office:**  
Rua Xavier de Toledo, 161 - 3º andar  
01048 São Paulo - São Paulo - BRASIL  
Telephone: 34-9870

**United States:**  
Arthur D. Little Inc.  
25317/A, Acorn Park, Cambridge, Mass.  
02140  
Telephone: (617) 864-5770 - Telex: 921436  
Attention Mr. Benjamin Fogler

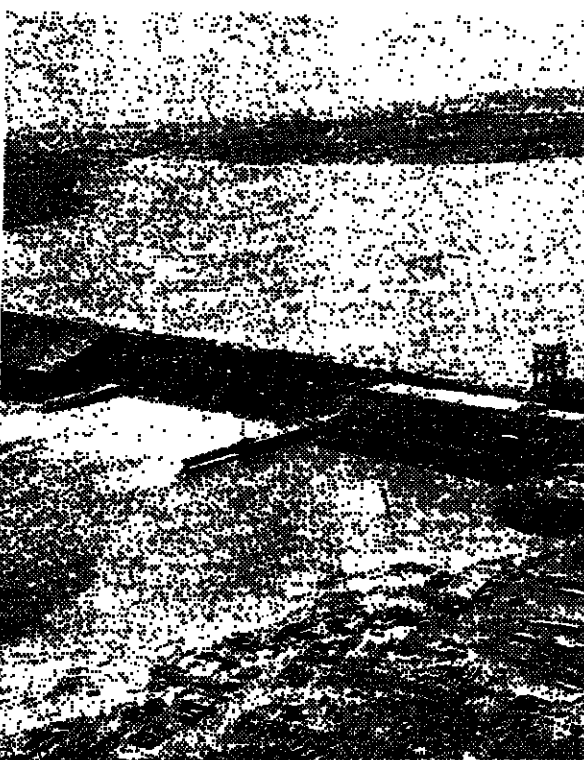
**Europe:**  
427 Avenue Louise 1050, Bruxelles, Belgique.  
Attention Mr. Eliezer Batista  
Telephone: 02 - (6) - 488535. Telex: 25034



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Iron ore train on its way to the port of Vitória.



CEMIG's electric power plant at Volta Grande.



Minas Gerais has over 3,000 km of paved highways.



Modern telecommunications system connecting Minas Gerais with all of Brazil and the world.





# Focus

Research by Susan Morgan

## Economic scene

While at first, compared with other states, Minas Gerais is the third largest exporting state in Brazil with \$509m; 81 per cent consists of basic products and 18.3 per cent of industrialized products. Iron ore accounts for 71 per cent and steel products come second (9.3 per cent). From 1972-73 exports increased by 50 per cent. Other factors encouraging growth are: expansion of the telecommunications system; development of the highways system; the development of the north-east through Superintendência do Desenvolvimento do Nordeste (Sudene) providing new markets for Minas Gerais; the population growth of Belo Horizonte (1,600,000 inhabitants) which provide a large internal market.

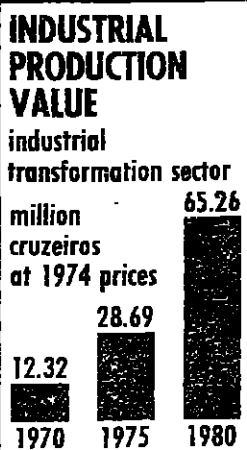
Almost all sectors of industry and agriculture are expected to continue to expand, in particular agribusiness, the chemical sector (fertilizers in particular), mining, non-metallic minerals and building materials, and electric power production.

## Industrial sector

Development and promotional agencies. The Industrial Development Institute (INDI) provides diversified technical assistance to entrepreneurs. The Industrial Districts Corporation (CDI) establishes and manages industrial estates. The Superintendência para Fomento Industrial (SIF) grants fiscal incentives to private enterprises. Metals of Minas Gerais (METAMIG) promotes development in the mining and metallurgical sectors.

During 1971-74 INDI provided aid to 12,615 enterprises through the preparation of 181 feasibility studies and 19 special reports. INDI is responsible for setting up 179 industrial projects, worth a total of \$2,300m.

CDI established seven industrial zones while six other industrial estates are either in the planning stage or actually under construction with a total area of 59,500,000 sq metres in cities other than Belo Horizonte to promote industrial decentralization. CDI has invested around \$30m in the past three years in industrial estates and buildings.



Minas Gerais, larger than Rio de Janeiro and the Federal District, covers 587,712 km<sup>2</sup> and ranks fifth among the largest Brazilian states. It occupies 7 per cent of Brazil's land area and is located in the south-east of Brazil, bordered by the states of Bahia, Goiás, Mato Grosso, São Paulo, Espírito Santo, and the Federal District.

## General

The climate is mild, ranging from the south where it is mountainous and hot in the north where the soil is dry and sandy. Belo Horizonte, the capital, has average annual temperatures extending between 16.4°C and 27.2°C.

## Industry

Industries set up in 1970, with those established in the period 1971-74, accounted for an annual increase of 18.4 per cent in the value of production from 1970-75, rising from \$1,600m in 1970 to \$3,800m in 1974. It is expected to reach \$8,700m by 1980.

The textile industry in Minas Gerais ranks second among Brazilian states in terms of labour and third in terms of production. The main branch of this industry is spinning and weaving, mostly of cotton, though synthetic fibres have recently been introduced. This branch of the industry is concentrated in the Zona Metalúrgica and the Zona da Mata.

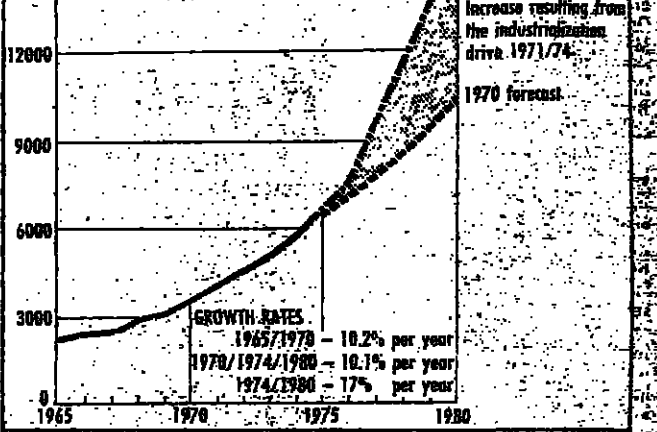
place among leading producers. Average production was 950 tons a day. There were also three factories manufacturing refracting bricks, making it the main producer of this type of product.

In 1970 Minas Gerais was the leading producer of lime with 450,000 tons a year, accounting for 40 per cent of total national production. Cement. Considerable building development took place during 1970-74 in which several big projects were set up worth about 2,540m cruzeiros, generating 5,955 new jobs. The cement industry was responsible for 66 per cent of total investment—1,770m cruzeiros. Expansion of five companies took place (Marsulfr, Itou, Barroso, Cominci and Cauê) which increased by registered increases of 1,700,000 tons a year or 64 per cent of previous capacity.

Three new important projects were set up: at Socomac: capacity 1 million tons a year; investment: 518m cruzeiros; number of employees: 270; location: Vespasiano; at Ciminas: capacity: 750,000 tons a year; investment: 434m cruzeiros; number of employees: 294; location: Pedro Leopoldo; at Tupi: capacity: 500,000 tons a year; investment: 350m cruzeiros; number of employees: 250; location: Carandá.

Minas Gerais' share in national cement production rose from 28 to 32 per cent and in 1973, four million tons of cement were produced. Improved technology would considerably expand production.

Between 1970 and 1974 about 14 per cent of total cement production was made in lime (380m cruzeiros). Production increased from 450,000 tons



**"In doing business forget that Credireal was founded by the Emperor"**

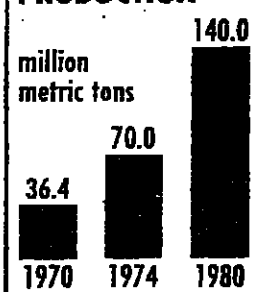
Credireal was founded in 1889 by act of D. Pedro II, Emperor of Brazil. Today, after 86 years, Credireal is one of the most time-honoured banks of the country. And to this tradition it now brings the young and active spirit of a bank in step with modern times.

Nowadays, as it has been doing for 86 years, Credireal helps finance the Nation's Commerce, Industry, Agriculture and Stock Breeding. And through its eleven Exchange Departments, located in Brazil's principal state capitals, Credireal is connected to all the great financial centres of the world. And it is doing its best to offer its clients the most efficient banking service through its 166 branches throughout the Brazilian territory. Because of all this, our suggestion is: In doing business with Credireal, forget the Emperor. And just think of yourself.

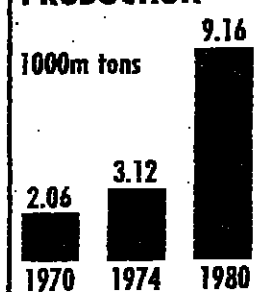


**BANCO DE CREDITO REAL DE MINAS GERAIS S.A.**  
A great Bank which doesn't put on airs

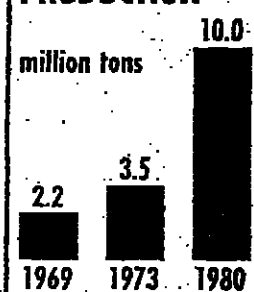
## IRON ORE PRODUCTION



## STEEL INgot PRODUCTION



## CEMENT PRODUCTION



Important industrial projects. Mining: Samarco—joint venture of S/A Mineração Triunfante, a Minas Gerais group, with Marcondes from the United States. Production: 10 million tons of iron, transported by an iron ore pipeline, as slurry, to the coastline. Investment: \$193m. Carbon steel production: Companhia Siderurgica Mendes Jnr—integrated steel mill. Production: two million tons annually (profiles and wire drawing). Investment: \$827m. Location: Juiz de Fora. Present state of development: land already acquired and design concluded. Production of special steel: Companhia de Aços Especiais Itabira (ACESITA). Expansion from 250,000 tons to a million tons (steel alloys,

grain oriented and stainless steel). Investment: \$405m. Location: Timoteo. Present state of development: under construction. Metallurgy of non-ferrous metals: Companhia Mineira de Alumínio (ALUMINAS), a subsidiary of the Aluminium Company of America (ALCOA). Production: increase from 30,000 to 60,000 tons a year of primary aluminium. Investment: \$71m. Location: Poços de Caldas. Present stage: under construction. Foundry: FMB Produtos Metalúrgicos (metallurgical products), a subsidiary of Fiat. Production: 57,000 tons a year of iron castings and 8.2 tons of aluminium parts. Investment: \$130m. Stage: under construction.

Non-Metallics: SOEICOM. Production: a million tons of cement a year. Investment: \$69m. Location: Vespasiano. Present stage of development: under construction.

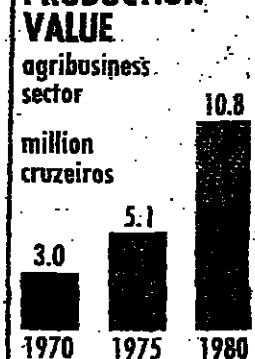
Automotive industry: Fiat Automóveis. Production: 200,000 cars a year.

Important industrial projects. Textile: under construction. Heavy equipment: USIMEC—BNDE is the main shareholder. Others are Usiminas, Gute Hofnung Huette and Nippon Steel. Production line: steel-making and steel. Refinery equipment: cement factory, bridges and welded structures. Investment—first stage: \$66m. Second stage (1980): \$100m. Location: Ipatinga. Present stage: under construction (some sectors already on stream). Forgings: Forjas Acesita, subsidiary of Acesita. Production: 20,530 tons of forging products. Investment: \$40m. Location: Santa Luzia. Present stage: under construction.

Fertilisers: Arsaferil—joint venture of Itau and Serrana groups with the National

Development Bank—production: 200,000 tons a year. Investment: \$100m. Location: Araxá. Stage: under construction. Pulp: Companhia Nipo Brasileira de Celulose, subsidiary of Companhia Vale do Rio Doce with 30 Japanese paper companies. Production: 750 tons a day of bleached pulp. Investment: \$213m. Stage: under construction.

## INDUSTRIAL PRODUCTION VALUE



Agribusiness: Veragro complex; a joint venture of CAEMI and the National Bulk Carriers. Production: soybean, sorghum, citrus, tomato and pineapple, integrated swine and feedlot cattle raising. Investment: \$335m. Location: Itaú, Marías. Present stage: 70 per cent of the land is acquired and experiments are carried out. Tobacco: Companhia Souza Cruz—Production: 2,500m cigarettes a year. Investment: \$116m. Location: Uberlândia. Present stage: final design began construction in June.

## Industrial parks

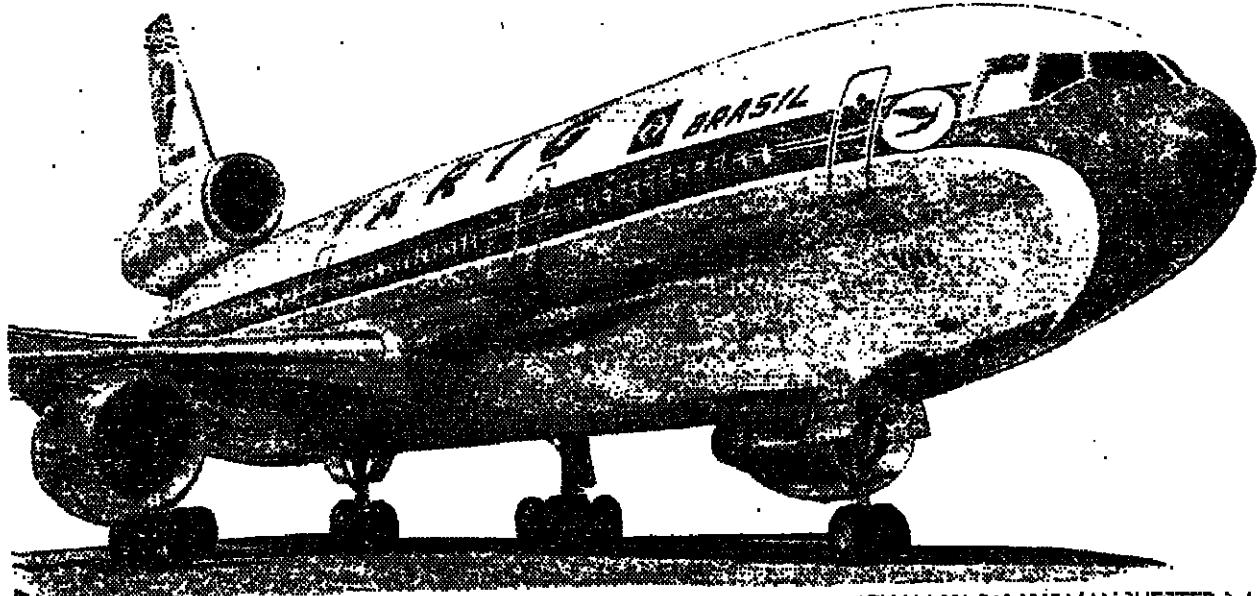
Name	City	Region	Area (thousand sq metres)
Embrucru	Betim	Metalúrgica	4,830
Juiz de Fora	Juiz de Fora	Mala	4,369
Montes Claros	Montes Claros	Montes Claros	3,941
Pirapora	Pirapora	Alto Médio	
Santa Luzia	Santa Luzia	S. Francisco	5,950
Uberaba	Uberaba	Metalúrgica	7,563
Uberlândia	Uberlândia	Triângulo	1,683
Três Corações	Três Corações	Triângulo	3,477
Total			33,000

The following industrial zones are in the final stages of construction and projected completion date is within two years

Name	City	Region	Area (thousand sq metres)
Betim	Betim	Metalúrgica	14,000
Itajubá	Itajubá	Metalúrgica	2,000
Divinópolis	Divinópolis	Sul	2,600
Gov. Valadares	Gov. Valadares	Rio Doce	1,700
Juiz de Fora	Juiz de Fora	Mata	1,300 (expansion)

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Some of the leading businessmen who have played a major role in helping to develop the economy

Not quite the typical technocrat

Abilio Dos Santos, the President of the Development Bank of Minas Gerais, is not quite a typical technocrat. Few men aged 1 have come quite so far so fast. There are, nevertheless, many men of Dr Abilio's kind at the centre of things in Brazil, at state government level, or in charge of the numerous public authorities where much of the power now effectively lies in Brazil.

Tall, balding, with an excellent command of English, Dr Abilio is as serious as the man responsible for the development finances of a state larger than France. He has done a lot of things since he first started work with Sincsa of Brazil in 1959, after qualifying in electrical and mechanical engineering at the State University.

Like many bright young men, he soon transferred to the state sector, joining the Development Bank in 1964. Almost as soon as it was formed, he moved to the Industrial Development Institute (INDI), first as a superintendent, becoming president four years later.

After four years' preparing technical and industrial advice, when the foundations for the recent rapid growth of Minas Gerais were laid, he offered came from Fernando Reis, president of the Companhia Vale do Rio Doce, for Dr Abilio to be development director of one of the largest mining companies in the world, and last



Abilio Dos Santos: work comes first.

year he left the state for the first time in his career. In the normal course of events, he would probably have been in Rio de Janeiro for some years, but things change rapidly and unexpectedly in Brazil. When the new state government took power early this year, he was offered the presidency of the bank, something he felt honoured to accept.

The bank has grown substantially, particularly in the past 12 months, and has recently moved to one of the most attractive new buildings in Belo Horizonte, but Dr Abilio has several goals while he is at its head. He aims to quadruple to \$100m the participation of local capital by 1980, funds which could be used at the discretion of the state government. He also plans to encourage small and medium businesses, so they can play a wider role in the develop-

ment of the state, and control a larger share of the economy. Dr Abilio also wants to streamline operations at the bank, so that potential investors can have their problems solved without delay.

Like most men in Brazil, he is a keen football supporter, and Sunday afternoon football. Work comes first, so that potential investors can have their problems solved without delay. Like most men in Brazil, he is a keen football supporter, and Sunday afternoon football. Work comes first, so that potential investors can have their problems solved without delay.

Pioneer in grading semi-precious stones

Minas Gerais, which means General Mines, was given its name and first became important as the state where gold, precious and semi-precious stones were found. It was the richest state in Brazil in the eighteenth century and even now stones worth \$200m are exported every year.

Business has slowed in recent months, jewelry being one of the first things people stop buying when times are hard, but José Irifí, one of Brazil's largest exporters of precious stones, is expanding manufacturing and sales facilities as others cut back.

Mr Irifí started his company 33 years ago when he and his father decided that precious stones would be a good business to sustain the family, of Lebanese and Iraqi origin. It looked as if he had chosen a bad time, most of the 800 dealers in Belo Horizonte went bankrupt during the war years, but Mr Irifí set to work leaving the business and devising new methods. By the time the war ended he had taken over most of his rivals' business.

Since then growth has been non-stop, although there have been many changes. The Japanese suddenly entered the market and prices rose fast, but now they have withdrawn again. Europeans were never prepared to pay so much, and it is now difficult to supply



José Irifí: non-stop growth.

this market at a profit, Mr Irifí says.

He has built up a reputation for reliability and customers in dozens of countries are able to study his catalogue and order by telephone from the 7,000 lines he offers. He has been a pioneer in grading semi-precious stones, and his displays illustrate the darkest to the lightest tone of each stone. During the Fourth Precious Stone Fair, held in Belo Horizonte in May, Mr Irifí was supervising the expansion of his factory where the latest ultra-sonic stone-piercing equipment will be installed as well as entertaining customers visiting the fair.

Despite his success, he is anything but a tycoon. He likes to do things well and he feels that a successful business is a social good, a phrase repeated ad nauseam, but Mr Irifí who almost

apologues for having been so successful, really means it. For him a precious stone is a gift from nature and he wants as many people as possible to share that gift.

The company employs 150 people directly while another 450, the famous garimpeiros, scour the rivers and mountains in search of the stone which will make them rich for life. They seldom find it, but at least they know exactly what they will be paid for each stone by Mr Irifí.

Despite being as much a philosopher as a businessman and interested in the occult and spiritualism, Mr Irifí could be no better investment. Precious stones are increasingly difficult to find while demand increases. He has become rich despite himself, something still possible to do in Brazil.

Fiat chief sets example in decentralization

One of the latest important developments in the state is the construction of the Fiat factory. This is going to have a considerable impact on the labour market. It was a substantial coup for Dr Adolfo Neves Martins Da Costa, president of the company, to get the factory established after years of negotiations.

Almost the whole of Brazil's motor industry is concentrated in São Paulo, and Fiat's move to set up in Minas Gerais is a welcome step towards decentralization.

"We wanted to come here because of its strategic location—good communications, adequate infrastructure and the large potential market", Dr Neves said. Another important consideration was the state Government's willingness to take a 47 per cent stake in the new company.

Dr Neves said that speed of about 85 mph. Most of the engines produced at the plant will be sent for export. The state Government's stake is indicative of the help it will give to establish the right kind of industry, particularly one that will provide large-scale employment.



Adolfo Neves: jobs for 100,000.

Altogether the new Fiat plant will give employment to about 100,000 people in Minas Gerais and the rest of the country if one takes into account a substantial new network of dealers which will be created.

Initial production scheduled for 1976 is 20,000 cars a year. This is expected to increase to 200,000 a year by 1981 with 155,000 engines as well. The model to be produced is the front-wheel drive Fiat 147, a development of the European 127. The four-cylinder 1,050 cc car will have a top speed of about 85 mph. Most of the engines produced at the plant will be sent for export.

"We hope", Dr Neves said, "to end up with 25 per cent of the market for medium-sized cars and 14 per cent of the market as a whole". This year Brazil is expected to produce well over a million cars. As well as the Minas Gerais venture Fiat is involved in a joint operation with Alfa Romeo to produce trucks. Because of the concentration of Brazil's motor industry in São Paulo—the giant Volkswagen complex, General Motors, Ford, Saab-Scania—Fiat's decision to build away from the city was generally welcomed by the economic planners.

Negotiations began in 1972 and were completed in spite of some stiff opposition from the rest of the industry over the decentralization issue. But with the state Government's backing, which will eventually be reduced to a minor shareholding, the plant is well under way and will produce a substantial economic benefit for many Mineiros.

Builder of railways who set up on his own

few private businessmen in Brazil have proved equal to the challenge of the rapid growth of the past 20 years. One of them is Dr José Mendes Junior, founder and chairman of Mendes Junior, the fifth largest company in Brazil, and Brazil's largest construction company.

Dr Mendes was born in Luiz de Fora, a small town in the south of Minas. An engineer by training, he first worked with the Central Brazil Railway, responsible for new lines, but he soon set up on his own. The railway had become involved in politics but Dr Mendes wanted none of it. His policy has always been to keep at arm's length from the Byronic politics of Brazil, and he has consistently refused public office.

He continued building railways until the big chance came in 1960. His firm was called in to save the Furnas dam—which now holds back one of the largest lakes in the country—when it was threatened with destruction during heavy floods. Since then he has never looked back, and his company has been responsible for one in four of the power stations built in Brazil in the past 5 years.

Mendes Junior was responsible for a stretch of the transamazonia road, when construction teams had to be supplied from the air. The Rio-Santos road, the most expensive so far built, and the Rio-Niterói bridge, is now building a stretch of the Rio de Janeiro underground, as well as several hydroelectric complexes. Twenty-five per cent of the work carried out by the firm has been in the public sector.

Dr Mendes will certainly be remembered in the town of his birth, as the first major private steel works in Brazil is now going up in Luiz de Fora. Two million tons of steel will be produced annually by 1980, to know Dr Mendes two



José Mendes Junior: big chance in 1960.

to know Dr Mendes two pounds would probably be needed.

He is a modest man who says his success is attributable to his four sons now running Mendes Junior, and to colleagues, but at 73 he is still the brains behind the firm. He admits that he ruled family and firm with a rod of iron, particularly in the beginning.

Even as recently as the 1950s much of the railway building work was done by men with donkeys and carts, though the company now has some of the most modern equipment, built up on hydroelectric works and road building programmes. He attributes his success to attention to detail, careful organization and planning.

As a result, Mendes Junior has a reputation of completing contracts before time, a rather rare occurrence in Brazil.

'Immortal' who is still barred from politics

Probably the most famous man Minas Gerais has produced, and certainly the most popular man in the state is ex-President Dr Juscelino Kubitschek. Born in Diamantina, a small town in the centre of Minas Gerais 72 years ago, he was one of the casualties of the 1964 "revolution" and 11 years later is still forbidden to participate in politics.

"JK", as he is universally known, is not the sort of man who retires, and he would clearly love to be back in the fray. Meanwhile, he occupies himself as chairman of a development bank in Rio de Janeiro. Although he now lives in Rio, he visits Belo Horizonte frequently and whenever he is seen, he is waylaid by friends or applauded by well wishers. They have good reason to be grateful. If Minas Gerais is now vying for the title of Brazil's most dynamic state, it is largely because of foundations laid by Dr Kubitschek in the 1930s, 1940s and 1950s when he was the key figure in the state.

JK came up the hard way. His father died when he was an infant and he worked as a night telegraph operator to pay for his medical training. He started a promising career as a surgeon but soon switched to politics. His first post of importance was in 1933 when he became secretary to the state governor. He was elected mayor of Belo Horizonte in 1940, and became state governor in 1950. In between he was representing his state at Rio de



Juscelino Kubitschek: energetic at 72.

Janeiro. He had two main priorities when he was in power in Minas: building roads and power stations. The result was that Minas Gerais has the best road network of any state in Brazil and is an exporter of electricity to its neighbours.

JK is still a brisk and energetic figure. When I met him in Belo Horizonte he was there to take his place in the State Academy of Letters, provoking the newspaper headlines "JK is an immortal". He has already published several books, but his two most recent works, a biography of Minas, *Road to Brasília* and *Why I built Brasília* have yet to be published. He is enthusiastic about the future of Minas, which he confidently predicts will overtake São Paulo as the leading state of the federation within 10 years, and of

Brazil itself, which he considers will be the world's fourth power by 1980. Elected to office in 1955 as "the President with the rolled-up sleeves", he still thinks and breathes politics and the generals probably consider he is still too dangerous a man to be let loose. It is a long time now since he turned the country upside down, however, and moved government from Rio de Janeiro to Brasília. This is another reason why Mineiros are indebted to him. The change has ensured the subsequent prosperity of their state and is likely to continue to do so. The man from Diamantina achieved what nobody had previously succeeded in doing. He forced Brazilians to stop looking longingly towards Europe and to do something about their own vast hinterland.

## Fiat in Brazil. A valuable example of industrial collaboration for economic development.

In Brazil, the first Fiat cars made their appearance in 1905 and the first trucks in 1912.

Today the Fiat Group, with proven experience in the most different sectors, is actively participating in the Brazilian economic development, with important initiatives in industry and infrastructures.

Fiat cars, Fiat trucks, Fiat-Allis earthmoving equipment, are today being, or will shortly be, manufactured in Brazil itself.

**Fábrica Nacional de Motores SA**

Last year 3,500 heavy trucks, that is over half the total Brazilian production in this sector, were manufactured in the Rio de Janeiro FNM factory, jointly with Alfa Romeo.

According to plans, a fourfold production increase is expected within the next few years.

**FNM**

**Fábrica Nacional de Motores SA**

**Fiat-Allis Tratores e Máquinas Rodoviárias SA**

This year, over 1,500 Fiat-Allis scrapers and graders are to be produced in the Belo Horizonte factory.

Fiat-Allis equipment, available in Brazil since 1950, represents over one third of the total market.

**FIAT-ALLIS**

**Tratores e Máquinas Rodoviárias SA**  
(a joint venture with Allis Chalmers)

Within the infrastructures sector, Impregilo, a Fiat Group Company, is in the process of building one of the largest hydro-electric complexes in the country at São Simão. The work will take 5 to 6 years in all and will yield one million kW.

**Fiat Automóveis SA**

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## COUP IN LAGOS

General Gowon has joined the company of heads of state ousted humbly from power while representing his country abroad. In General Gowon's case it comes as a surprise and shock, for the outside world had no inkling that any powerful cabal was forming in Nigeria to take the opportunity of his attendance at the Organisation of African Unity conference in Kampala to depose and replace him. The commander of the coup by the army, Colonel Nnamdi Azikiwe, suggests he had become completely isolated. It remains to be seen if he will return to Lagos to face his deposed.

The leaders of countries with no constitution, or those in which the constitution only holds good at the armed forces' pleasure, are always at risk. A few months ago, President Mobutu might not have cared to leave Zaire, but he has dealt with the upsurge of discontent in his country and neutralized its leaders. It is noticeable that some African heads of state are careful not to go abroad, while others do so freely, a difference that reflects both the internal situation and relative political skill and grasp.

Colonel Garba, in his radio announcement, gave as the only reason for the removal of General Gowon from office "the events of the past few months"—but it is difficult to see much in the past three months that General Gowon had conspicuously failed to handle. It is true that the army has been given a rise in pay, and that this had fed perennial popular discontent with the Army's privileges and priority but it is hardly the reason for a military palace revolution.

Discontent boiled below the surface in Nigeria when last year General Gowon went back on his

earlier undertaking to restore the country to civilian government in 1976. But resentment at this indefinite postponement, made because he declared the country was not yet ready, was confined to politicians, intellectuals, students and some professional people. The masses were involved only to a limited degree: their concern has been prices and wages, and a series of debilitating strikes, from dockers to doctors, have disrupted the country. But they seem to have abated in recent months. Moreover civilians would be far too frightened to interfere with the structure of military power.

The power and much of the wealth of Nigeria is now in military hands. The overthrow of Yacubu Gowon is on the face of it the work of a carefully worked out military decision, and it would fail if the three brigades who command at the three divisional headquarters were not prepared to accept it. A new head of state has been announced who appears like General Gowon to belong to none of the major groupings.

General Gowon has long been thought of as the only man capable of holding Nigeria together, of completing the process of nation-making which was begun by the defeat and subsequent reconciliation of the Biafran—or rather Ibo—secessionists. Is he no longer that "indispensable man"? A middle "belter", a Christian and a member of one of the minor tribes, he conformed to a pattern which has worked in a number of African states where tribal, regional or religious conflicts of interest have tended to destroy post-colonial national unity. A leader of this "neutral" type, together with military rule or a one-party, that is a non-tribal,

system has been one frequent African answer to centrifugal forces.

Nigeria, however, is still far from a unified nation five years after the failure of the Biafran challenge. True, the subdivision of the country into twelve states and the affluence flowing from oil have strengthened unity, and a sense of national consciousness, indeed national pride. The divisions in the country have become less regional, and more a matter of haves and have-nots. There is a growing radical, and even marxist challenge through some trade unions, but it gets a muffled response in the army. The inefficiency of the civil service generates frustration. The corruption of leadership angers the younger generation, but it does that throughout Africa. Moreover it is the army that is usually called in to deal with it, as in Ghana or Ethiopia—as, in part, happened in Nigeria in 1966. But it may be that critics of General Gowon's handling of these problems were growing within the army command. After nine years in power, he himself was perhaps prone to impatience and developing a touch of autocracy—but even if that is so, General Gowon was outstandingly one of the mildest and most moderate of African leaders in policy and in demeanour.

It will be some time before it becomes clear how he lost his grip on the country. What is clear is that Nigeria is moving into a period of considerable danger. The potential for violence and fractional strife is great. If the army loses cohesion disaster would impend. It is therefore of paramount importance for Nigeria, as well as its well-wishers abroad, of whom Britain is one, to know in what way Nigeria is now to be governed.

## IMPORT CONTROLS ARE A DANGEROUS WEAPON

Britain used to be one of the strongest defenders of "free trade". Until 1932 it stood alone as the only leading economy not to impose tariffs or quotas on imports. This country's abandonment of free trade in the 1930s was a sharp reversal of traditional policy and is rightly regarded as a major watershed in our economic history.

But it was also of great significance for the rest of the world. As the staunchest and most long-standing opponent of trade restrictions gave way to arguments of political convenience and economic expediency, the resistance to protectionist pressures in other countries weakened. Tariffs were raised to levels that at one time would have been regarded as unthinkable and inhibitions to the free movement of goods became increasingly serious.

The consequences of the wave of economic nationalism in the 1930s are well known. The value of world trade declined precipitously, export industries in every economy had to seek government assistance in the

form of subsidies or a pampered home market and living standards fell as resource allocation deteriorated and the gains from international specialization were lost.

Perhaps the most disappointing aspect of the call for "selective import controls" made by the economic committee of the Trades Union Congress is that the lessons of the 1930s seem to have been completely forgotten. The situation today is different, but it invites comparisons and analogies. There is at least a danger that if Britain indulged in "selective" restrictions now other countries would follow shortly afterwards and that a general trade war would develop. A domino effect of this kind is probably less likely today than it was forty years ago because of the commitment of the United States and West Germany to further the liberalization, but the possibility cannot be dismissed out-of-hand. The textbook argument for free trade has never been pro-

perly answered by the advocates of import controls, and indeed, it is unanswerable. If Britain imposed quotas on imports of manufactured goods either Britain's consumption of these goods would have to decline or resources would have to be diverted from other industries so that they could be produced in larger quantities here.

This argument is, of course, least compelling when unemployment is at high levels. In that case the disturbance to other industries is slight because men can be found from the existing pool of unemployment. But the argument still stands. The efficiency of resource allocation when the economy returns to full employment is permanently impaired by attempts to defend unsuccessful industries against purely temporary declines in demand. To protect employment in industries "devastated by the Japanese" is a foolproof way of ensuring that other industries will never have a chance to compete effectively against the Japanese or anyone else.

### The stricken elms

From Professor Christopher Cornford  
Sir, Lord Esher (July 24) has made an excellent suggestion for deploying otherwise unused human energy in clearing up the effects of Dutch elm disease. We may be reasonably certain that it will be ignored by officialdom, which tends only in thinking up plausible reasons for not doing anything that is imaginative or intelligent, especially if it has not been done before.

But may I add two footnotes? First, if there is now no hope of containing the disease, should not the felled timber be put to some use—pulp, planks, firewood, chip-boards, etc.—rather than be burned on site as was done last winter when the huge specimen in our garden whose loss we are still mourning?

Secondly, would it not be a pity to let the skeletons of dead trees be left to rot? I do not think many landscape painters would agree with this view either. Sad, yes, but that is not the same thing as ugly. Once the leaves and bark go there is left a silvery skeleton of great sculptural beauty, a lucid diagram of the processes of its own growth, and moreover a habitation for all manner of small creatures helpful to ecological balance, not to mention a ladder for woodpeckers.

To be sure on most sites the dead timber must constitute a danger to life and limb. This is merely a plea that, at well-judged intervals throughout the landscape, a few—preferably large—dead elms be left to variegate the view until natural agencies finally lay them low. And even then, may they sometimes be left recumbent for children to play on or lovers to lean against?

Yours faithfully,  
CHRISTOPHER CORNFORD,  
Spring House,  
Conduit Head Road,  
Cambridge.

From Mr R. F. Heiger  
Sir, As your correspondents have said, the amenity loss in the countryside from elm disease is most serious. It is to be hoped not only that positive action will be taken to make good these losses with new planting, but that such action will be more effective than the results to be seen in urban areas.

be dead or rapidly dying, probably due to lack of moisture, and this kind of tree can be seen almost everywhere in urban districts where there has been new planting in recent years. It is fashionable to blame the high mortality on vandalism, but there appear to me to be many more losses through lack of aftercare.

Would it not be better for councils to plant fewer trees but to devote more of their resources to giving them attention, including watering, for the first year or two after planting? In some situations it might be possible to enlist voluntary help from nearby residents who can help to benefit if and when the trees flourish.

Yours faithfully,  
R. F. HEIGER,  
157 Park Avenue,  
Purbeck,  
Dorset.

From Mr A. G. Sheppard Fidler  
Sir, Dame Sylvia Crowe's letter (July 18) rightly stresses the urgent need of replanting where our English elms have to be felled because of Dutch elm disease.

As the elm has such a distinguished character it would be helpful to local communities and individual landowners to know which species of trees should be planted in their place, where the ground would suit them and where they could reestablish a well known and well loved landscape.

Yours truly,  
A. G. SHEPPARD FIDLER,  
Woodcote Grove,  
Ashley Road,  
Epsom, Surrey.

From Dr C. H. Paine  
Sir, Statistics like those of Mrs Lewis (July 19) risk making the individual farmer feel that any effort he may make to plant trees to replace those killed by Dutch elm disease is worthless. "A drop in the ocean" it may be, but my children and I have grown many oaks from acorns and chestnuts from conkers, most of which are now well established on our farm, at practically no cost to us.

Even to buy two-three year hard-wood trees cost little and are quickly planted. They must be sited so that expensive fencing is not needed to protect them from stock, and the operator of the mechanical hedge-trimmer must be alert.

May I suggest that try is killing almost as many trees in some parts of this country as elm disease? It is soon cut, and the trees saved, but here manpower is a greater problem.

than with planting. Many landowners would welcome volunteers, whether from the Council for the Protection of Rural England, to cut their ivy.

The proportion of mature and over-mature trees which we now see around us shows that we have tended to neglect thoughtful planting since our grandfather's time. Let us hope that the shock of elm disease, with our new awareness of conservation, may help us to reverse this trend.

Yours faithfully,  
C. H. PAINE,  
Dame Alice Farm,  
Watlington,  
Oxfordshire.

From Mr Reynolds Stone  
Sir, Hurrah for Lord Esher! The sickening thing is that the last elm felled from the Council for the Protection of Rural England, to cut their ivy.

The proportion of mature and over-mature trees which we now see around us shows that we have tended to neglect thoughtful planting since our grandfather's time. Let us hope that the shock of elm disease, with our new awareness of conservation, may help us to reverse this trend.

Yours faithfully,  
REYNOLDS STONE,  
The Old Rectory,  
Linton Cheney,  
Dorchester.

July 27.

### Girls at boys' schools

From Mrs A. G. C. King  
Sir, Lady Waley-Cohen objects (July 26) to bright girls formers transferring from first-class academic girls' schools. But what of the bright girls who wish to transfer from schools that cannot lay claim to such excellence? May they not enjoy a higher standard of education and have "more fun" as a bonus?

For historical reasons we have become accustomed to boarding school education that divides the sexes and, although there may be some teachers and pupils who are better suited to a single-sex system, my four years experience as house mistress to sixth form girls in a boys' public school has convinced me that both sexes benefit from working and playing together. Like my husband and our four children I very much enjoyed single-sex boarding school education—but times have changed. In these days of small families I think it is important that boys and girls should be brought up together in as normal a way as possible.

Yours faithfully,  
PAULINE KING,  
as from Belmont Abbey School,  
Hereford.

## Summit meeting at Helsinki

From Mr Julian Amery, Conservative MP for Brighton Pavilion  
Sir, Your leading article defending the decision to hold the Helsinki Conference (July 28) states: "It may be argued that there may be no true détente in the Western understanding of the word until such changes (major changes in the Soviet system) take place. But the question at issue is whether to attempt small steps in the right direction."

Few people, I suspect, would disagree that having once embarked upon the European Security Conference it was necessary after two years' work to bring its labours to an end and register such progress as had been made.

The question is whether such relatively small progress as the documents register justifies a meeting of heads of government with all the expectations that this must arouse in Western public opinion and the dismay it may cause in Eastern public opinion.

Would not a meeting for Foreign Ministers have been quite enough? In this context that Mrs Thatcher's speech at the weekend seems to me, for one, so timely.

Yours faithfully,  
JULIAN AMERY,  
House of Commons,  
July 28.

From Mr Arthur Bottomley, Labour MP for Teesside, Middlesbrough  
Sir, In the House of Commons on Thursday the Leader of the Opposition made a critical reference to the Prime Minister's recent absence abroad, particularly during this week.

On July 16 and 17 he attended the Heads of Government Summit Conference of the European Community. All nine countries were represented by the heads of government. Is the official Opposition now saying that the British Prime Minister should not have been there?

On July 24 the Prime Minister was in Hamburg for a meeting with the Federal German Chancellor, arranged some weeks ago for stock-taking after the EEC summit and in preparation for the CSCE conference in Helsinki this week. This meeting was one of three held by Herr Schmidt last week and over the weekend—the others being with President Ford and President Giscard d'Estaing. Would Mrs Thatcher argue the Prime Minister should not have been there?

A reference by her to the Prime Minister's forthcoming attendance at the CSCE conference in Helsinki, where he is due to make the opening speech of the conference, seemed to imply a criticism of his going. As far as is known, every one of the 35 countries will be represented by the head of government, with the possible exception of Spain and, of course, the Holy See. Successive British governments have a period of years worked hard to secure a sufficient measure of agreement to enable the conference to take place. The way forward was helped by the Prime Minister's visits to Washington and Moscow earlier in the year.

The Leader of the Opposition demonstrated by her own speech at the weekend that she has little liking for the conference. Is she now seriously suggesting that Britain should not be represented at head of government level?

Yours faithfully,  
ARTHUR BOTTOMLEY,  
House of Commons,  
July 28.

### Devolution for Scotland

From Mr A. J. C. Kerr  
Sir, I agree in general terms with Mrs Grimond (July 24) but feel there is no need for the legislation which the Scottish Parliament (Assembly) to reform local government at the same time. This could best be left to the new legislature, which would most probably abolish the regions and restore the burghs as well as the counties, while retaining the Western Isles as a new county and accepting some of the boundary changes made by the 1973 Act.

In passing, I should point out that the procedure for implementing devolution is not really consistent with our national dignity. Ulster, which is only a province and in a state of civil war, has been allowed to elect a Constitutional Convention to work out its own proposals, and I think Scotland is entitled to the same sort of consultation.

Somebody could conveniently be elected on the basis of the existing constituencies and electoral system, but with two representatives for every constituency and two votes for every elector, as in Dundee and several English constituencies before the war. It could have a three-fold remit:

- (i) to work out constitutional proposals (its essential task);
- (ii) to give advice on proposed Scottish legislation and other matters affecting Scotland, until such time as devolution has been implemented;
- (iii) to serve as the Scottish Legislature for a brief period thereafter.

I am, Sir, your obedient servant,  
A. J. C. KERR,  
52 Castlegate,  
Jedburgh, Roxburghshire,  
July 24.

### Girls at boys' schools

From Mr Graham Stainforth  
Sir, Amid the spate of correspondence and discussion about the inclusion of boys' boarding schools admitting small posers of girls from genuine co-education—two points of view seem of significance for parents and headmasters seem to have been omitted. Girls of 17 or 18 are not normally interested in boys of 17 or 18 but in junior masters and vice versa. And most girls of 15 or so are such odd shapes and sizes that the last thing they want to be is the cynosure of a hitherto all-male stronghold.

Yours faithfully,  
GRAHAM STAINFORTH,  
The Cottage,  
Winterbrook,  
Wallingford,  
Oxon.  
July 26.

## Reducing the Post Office deficit

From Mr Julian Blackwell  
Sir, Now that the first shock of the increases in Post Office charges is over, it is important that some consideration should be given to the likely effects on the Post Office itself, on British industry, and on the nation.

During the past few days I have spoken with many Post Office users—with the largest single customer, with commercial firms, and with members of the public. Without exception, they now feel a sense of hopelessness and sorrow in place of the impatient anger they felt before.

There seems to be no way of putting across constructive recommendations to the higher management of the Post Office and to the Government. It was dismaying, to say the least, to see Parliament put party interest (with a three-line whip) before the interests of 40 million users during last week's debate.

Although users feel that protest is useless, they are not apathetic; they are taking action, and quietly voting with their feet. I have been astonished at the extent to which users are finding alternatives to the Post Office and are planning to do this still further. Many are using express parcels, and others are using the postal strike. Members of the public are posting less; societies, clubs and associations are handing out mail at meetings, or the secretary is delivering by bicycle. Commercial users are finding it necessary to make their own arrangements for delivering their own mail. The proposed increases will accelerate this trend and will cause whole industries to seek alternative methods. By its present policies, the Post Office is losing its easy and profitable business—it will be left with the difficult and unprofitable, with obvious consequences.

At the local level, relationships between users and the Post Office are good. Local management and the young professionals developing competitive and profitable new services such as Datapost and

Accelerated Surface Post, have earned considerable respect. But local Post Office salesmen are demoralized by fighting a losing battle against the inflexibility of their own marketing headquarters, and against the competition.

It is a great pity, but unfortunately inevitable, that the dedicated people at local level will suffer because of the attitude of higher management and the effect this is having on the public. Without criticism is blandly ignored. Offers of help by users are usually referred to the managing director, and that is the last that is heard of them. Can nothing be done to improve the situation?

The Post Office postal side shows a deficit of £134.5m. If the Treasury accept responsibility for the pension fund deficit, this would amount to some £35m for postal workers.

If the Post Office were allowed to charge out the cost of counter services for non-postal operations, it would save a further £20m. The deficit would then be reduced to £54.5m.

This deficit could be narrowed still further by active measures to improve efficiency, from which the Post Office—like all businesses—can benefit. Overmanaging and overtime anomalies should be tackled. There should be an independent inquiry, management consultants should be appointed and the help of customers should be actively solicited. Such measures could surely reduce the deficit to manageable proportions, and render unnecessary the proposed staggering price rises.

Unless something of this kind is done, the postal service will surely die of economic malnutrition as its customers increasingly and rightly decide that they cannot afford to sustain it.

Yours faithfully,  
JULIAN BLACKWELL,  
Blackwell's,  
Broad Street,  
Oxford,  
July 24.

## Lawful and unlawful squatters

From Councillor Michael Ward and others

Sir, The current outcry, in the press and elsewhere, calling for drastic action against squatters, the creation of new criminal offences, the withdrawal of gas and electricity supplies, and other punitive measures, should not be allowed to endanger the record of constructive achievement in the squating movement.

Thousands of houses have been made available by London local authorities to squating groups, on legal licence agreements. These have been short-life properties, required within a year or two for redevelopment schemes, but temporarily empty. The agreements have usually involved the payment of rates, but not rent, by the squating group to the council, and the acceptance by the group of liability for repairs and maintenance, for which individual squating households pay a weekly contribution to the group.

Councils have undertaken to maintain unchanged the housing waiting list points of families squatted, in return for an undertaking by the squatters that they will vacate the property at the end of the period of the licence, by which time some will have become eligible for council housing, and others will be resquatted by agreement.

Of course, these agreements have not worked perfectly. But houses have been brought into use and people in housing need provided with some improvement in conditions by inexpensive, self-help measures.

There is nothing very mysterious, sinister or secret about the reasons for squating, whether lawful or unlawful. While over 100,000 houses in London stand empty, and over 200,000 families are on housing waiting lists, the need for acute housing need and misery, and the scandal of wasted and idle resources can lead only to attempts to bring those houses into use. It would be

quite wrong to suggest that any but a small minority of squatters are the cynical extremists against whom the current attack has been directed. Much, too, has been made of instances in which privately owned property has been squatted in the temporary absence of the owner occupier. In our view, such instances are so exceptional as to be almost confined to the one or two examples that have been reported (extensively) in the press.

What then should be the attitude of public authorities to unlawful squatters? The first answer must be prevention: to ensure that short life property is brought into use, whether as temporary accommodation by the council itself, or on licence to housing associations or other voluntary bodies, or through legal squating agreements. Second, where a house has been squatted unlawfully, the response should be firm but not vindictive: when a house is required for redevelopment, rehabilitation or allocation, possession must be obtained, but without the harassment entailed in, for example, the cutting off of power supplies.

In saying this we are in no way condoning the activities of the irresponsible minority of squatters who have done so much in recent months to discredit squating as a movement, and so much to feed the backlash that is now becoming apparent. We do, however, wish to suggest that they are a tiny minority.

Yours sincerely,  
MICHAEL WARD, Councillor, London Borough of Wandsworth,  
G. A. BROUGHTON, Councillor, London Borough of Wandsworth,  
KEN LIVINGSTONE, GLC,  
CHRISTINE HAMMOND, Councillor, London Borough of Hamersmith,  
STUART WEIR, Councillor, London Borough of Hackney,  
July 21.

### Johnny Go Home

From Mr John Ewen and others

Sir, Many people will have watched with concern Yorkshire Television's documentary *Johnny Go Home* (July 22). They will have seen the problems of young people escaping from difficult situations of family relationships, housing, employment and educational failure in the provincial cities into a struggle to survive in London. They will have witnessed a substantial inability of the many departments, services and agencies involved to be adequately coordinated in the effective relief of these problems either back in the provinces, where it all begins, or in London itself.

As a group of individuals involved in youth organizations, particularly in our larger cities, we have consistently urged on successive governments the need for a major reappraisal of this country's youth policies especially towards the disadvantaged. In particular we have advocated an inter-departmental effort responsible to a Cabinet Minister with the task of coordinating the several government departments involved in legislation and services affecting young people. We have suggested similar coordinated approaches at local level throughout the country.

For, despite the progress made in education, youth, welfare and employment services during the post-war years, we are conscious of an increasing failure to cope with the problems experienced by some young people and the consequent problems presented by them to society. We have alienation from school and increasing truancy, rising youth unemployment, concentrated in distressed areas, homelessness among the young at a level apparently approaching that of a century ago, angry and alienated young blacks in ghetto areas, growing juvenile crime and lack of adequate community-based care services, resulting in an increase in institutionalized care and youth services failing to attract the over-16s and currently facing severe cutbacks. In response to these problems we have only piecemeal approaches, operating in a shoestring and no overall strategy.

Through your columns we strongly urge upon government, both national and local, a reappraisal of youth policies. We do not believe it right that complicity should permit the situation to stay as it is. We cannot in conscience watch the continuing exodus of young people like those in the television documentary without a renewed determination to make sense of the present makeshift approaches to their problems. We suggest that the needs of disadvantaged youth, raised in the profound review of the youth service by the Department of Education and Science, should be opened up to a wider but swift inter-departmental investigation of the problems facing adolescence, involving agencies with experience in attempting to counteract them. We call for similar urgent action in local situations throughout the country. The problems have been clear for a long time not just in London and not just in the aspect of homelessness. The television documentary is proof of the need for swift consideration and action. We trust that matters will not yet again be ignored.

Yours, etc.  
JOHN EWEN, Director, and  
HAROLD MARCHANT, Chairman,  
National Youth Bureau,  
DENNIS STEVENSON, Chairman,  
National Association of Youth Clubs,  
LES MILNER (Birmingham),  
JOAN BENNETT (Sheffield),  
TONY HIRD (Liverpool).

### Unemployment

From Mr E. M. Hall

Sir, Mr Foot proposes to pay subsidies (provided by tax-payers) to employers to avoid more "sackings". This will only result in "concealed unemployment", and we already have plenty of that, as is indicated by the fact that our national output is now lower than it was during the three-day week.

Yours faithfully,  
E. M. HALL,  
6 Fair Mile,  
Henley-on-Thames, Oxfordshire,  
July 25.

## Appeals to the Privy Council

From Mr Jonathan Caplan  
Sir, Mr Birnberg and Mr Pierce are quite right today (July 29) to criticize the Judicial Committee of the Privy Council for its "cursory consideration" of the final appeals of condemned men in colonial, or former colonial, death-cells.

In May of this year, the committee unanimously dismissed the final appeal of Michael Malik, otherwise known as Michael N, without even calling upon counsel who represented the Trinidad authorities. Their judgment was delivered by Lord Diplock and, ignoring the moral and humanitarian arguments that had been put before the committee, Malik's appeal, in dealing coldly and purely with whether Malik could be constitutionally hanged or not. If the relevant constitutional provision had permitted drawing and quartering, in addition to hanging, then the Privy Council's approach would have obliged them to send Malik similarly on his way to that fate.

In a more recent judgment, the committee dismissed the final appeal of two condemned youths in Jamaica, and, feeling obliged to construe the Jamaican statute literally, held that a person could actually be executed in Jamaica for a murder that he had committed when still a child so long as he was not sentenced to death for it until after he had reached the age of eighteen.

Only Lord Salmon dissented. He recognized that this literal interpretation would lead to "shocking and indeed barbarous results", and that "liability to be sentenced to death would depend upon mere chance". He might be arrested for murder, for example, when sixteen, not through delay or a lengthy trial, might only be convicted after his eighteenth birthday. He could then be sentenced to death.

The trouble with the present attitude of the Privy Council is that policy considerations and moral issues are all too often subordinated to legal precedent and strict statutory interpretation. The result is that justice in an individual case may be reduced to a semantic exercise and, unlike in America for example, concepts of civil liberties and human rights never properly developed.

If the Privy Council continues sanctioning executions in the Queen's name so unsatisfactorily, then it is time its judicial function was abolished. Yours faithfully,  
JONATHAN CAPLAN,  
54 South Parade,  
Eastbourne, W4,  
July 29.

### Car safety belts

From Professor H. A. F. Dudley  
Sir, Mr Gleave is entitled to his opinions (July 28) but he would need more facts to convince most people interested in the problem that there is "no doubt whatever that in some accidents severe, and even lethal, injuries have been caused as the direct result of wearing of safety belts". The experience of one of us who have worked in Australia where seat belts have been compulsory for five years in the state of Victoria, and nearly as long in the country as a whole, is that incorrectly adjusted belts may cause both vertebral and abdominal injuries, which can indeed prove fatal. These are nearly always in situations where in addition the victim would have been killed without the belt and only lived through the accident because of it to sustain and sometimes to succumb to the "seat belt injury". The experience for belts in the United States is similar.

Mr Gleave also damns with very faint praise the protection that is afforded by seat belts. He joins in doing so many of us in the medical profession who have been lukewarm about belts both in our willingness to wear them and in our own personal behaviour. Your readers should know the following facts: in collisions at less than 50 mph a properly restrained occupant will uniformly survive all but the most catastrophic deformation of the passenger compartment; that the percentage of fatalities fell by 20 per cent after the introduction of seat belts in Victoria; and that serious injuries are reduced for comparable accidents by 70 per cent if seat belts are worn.

Yours faithfully,  
HUGH DUDLEY, Professor of Surgery,  
St Mary's Hospital, W2,  
July 28.

### Oxford by gaslight

From Mr Michael Cotton  
Sir, I am writing on behalf of the Oxford Gas Lamp Preservation Society (0865 45083), appealing through your columns for the retention of gas street lighting in the historic city centre of Oxford.

Unless a scheme adopted in the mid-1960s to convert all the gas lights in the city to electric operation is reversed, the remaining 30 or so gas lamps in Oxford will disappear before the end of this year.

The city's gas lamps have provided an important light source during recent winter electricity cuts; they are a relic of old Oxford, which was one of the first cities to introduce gas lighting in the streets in 1817; they provide a pleasant light sufficient for the pedestrian precincts around Radcliffe Square, probably one of the most beautiful squares in England, and do not disturb the pedestrian as do more modern glaring light installations.

The cost of replacement of the gas lights would be greater than that of keeping them in operation a good many years. It would now appear strange to convert these gas installations to electricity after they have been converted to run on natural gas. Anyway, is it not worth while to spend a small sum to preserve the character of such a famous spot as Radcliffe Square, especially as this year is supposed to be European Architectural Heritage Year? Yours faithfully,  
MICHAEL COTTON,  
49 West Street,  
Osney,  
Oxford,  
July 27.





## COURT CIRCULAR

**BUCKINGHAM PALACE**  
July 29: The Queen and The Duke of Edinburgh arrived at Doncaster Railway Station in the Royal Train this morning and were received by Her Majesty's Lord-Lieutenant of South Yorkshire (Mr. Gerard Young), the Chairman of the Yorkshire County Council (Mr. E. Jones), the Mayor of Doncaster (Councillor G. M. McDade).

The Queen and The Duke of Edinburgh proceeded to the British Rail Engineering Limited (Mr. S. Rigway), visited the Crampall Workshop and the Apprentice School. Having visited the Mansion House, Doncaster, Her Majesty and His Royal Highness rejoined the Royal Train and travelled to Rotherham.

The Queen and The Duke of Edinburgh were received upon arrival at Rotherham Railway Station by the Mayor Councillor S. J. Crowther and drove to the Rotherham Leisure Centre, where Her Majesty and His Royal Highness were received by the Chairman of the Amalgamated Recreation Committee (Councillor T. Heath).

The Queen, with The Duke of Edinburgh, subsequently honoured the Mayor of Rotherham with Her presence at luncheon in Rotherham Town Hall.

This afternoon Her Majesty and His Royal Highness arrived at the South Yorkshire County Hall, Doncaster, and were received by the Chairman of the South Yorkshire County Council (Mr. E. Jones). Having toured the Building, The Queen and The Duke of Edinburgh were received.

**Birthdays today**  
Sir Charles Clay, 90; Sir Edmund Campion, 69; Sir Martin Fleet, 64; Professor Ian G. Gordon, 67; Lord Killanin, 61; Lieutenant-General Sir Brian Kimmins, 76; Mr. Gerald Moore, 76; Mr. Henry Morrison, 75; Sir Richard Powell, 66; Mr. P. J. Stephens, 72; Sir Dennis White, 63; Dame Marjorie Williamson, 62.

**Funeral**  
Earl of Courtown  
The funeral service for the Earl of Courtown took place yesterday at the Church of St. Mary and All Saints, Beaconsfield. The Rev. Peter North officiated. An address was given by the Right Rev. Robert Stoppard, Vicar General in Jerusalem, and Mr. Vivian Stimpford read the lesson.

**Livestock award**  
Dr. Raphael Braude, a senior principal scientific officer and head of the pig husbandry department at the National Institute for Research in Dairying, University of Reading, has been awarded the American Society of Animal Science award for Collins, Colorado, yesterday. The award is £2,000 (about £1,800) and a gold watch, for outstanding research.

by the Mayor of Barnsley (Councillor H. Brain), visited Barnsley Market and later rejoined the Royal Train for Sheffield.

Her Majesty and His Royal Highness were received upon arrival at Midland Railway Station, Sheffield, by the Lord Mayor of Sheffield (Councillor A. C. Richardson) and drove to the Town Hall.

The Queen and The Duke of Edinburgh subsequently proceeded through the Fargate Pedestrian Precinct to the County Police Headquarters, where they were received by the Chairman of the South Yorkshire County Council (Mr. E. Jones) and the Chief Constable (P. D. Knight) and, having toured the Headquarters, The Queen unveiled a commemorative plaque.

This evening Her Majesty and His Royal Highness arrived at Sheffield Railway Station, drove to Cusker's Hall (Master Cudger, Mr. G. Murray) and were present at a Reception given by Her Majesty's Lord-Lieutenant of South Yorkshire and the Chairman of the South Yorkshire County Council.

Her Majesty and His Royal Highness later rejoined the Royal Train. Her Majesty's Lord-Lieutenant of South Yorkshire and the Chairman of the South Yorkshire County Council, Mr. E. Jones, and the Chief Constable, P. D. Knight, were in attendance.

The Prince of Wales, as Colonel-in-Chief of The Royal Regiment of Wales (24th/41st Foot), this morning, on behalf of the Regiment, accepted the Freedom of Llanelli, Dyfed.

His Royal Highness travelled in an aircraft of The Queen's Flight and later, at Cardiff Castle, was present at the Cardiff Searchlight Tattoo.

**KENSINGTON PALACE**  
July 29: The Duchess of Gloucester, as Patron, today visited the British Library of Tape Recordings for Hospital Patients. Miss Jennifer Thomson was in attendance.

The Duke and Duchess of Gloucester were in attendance at the performance of the Royal Tournament at Earls Court this evening.

Lieutenant-Colonel Simon Bland and Miss Jennifer Thomson were in attendance.

**Today's engagements**  
The Queen and The Duke of Edinburgh visit Silverwood Colliery, near Rotherham, 10.

Princess Anne attends Royal Tour, East Sussex, 10-12.

Princess Alice, Duchess of Gloucester visits RAF Bicester, 11-13.

Exhibition: "Thomas Mann" British Library Reference Division, East Sussex, 10-12.

Morris dance by Earls of Essex Morris Men, Broad Sanctuary, Westminster Abbey, 8.

London Walk: "In and Out of the Temple", meet Law Courts, Strand, 6-30.

**Latest appointments**  
Dr. J. Harper to be one of the Lord Councillors' visitors of mental patients from October 1 in succession to Dr. Desmond Curran, who retires.

Mr. B. C. J. Murphy to be press and publicity officer of the U.C. in succession to Mr. C. Hartwell, who will remain responsible for work on major reports and for initiating special projects.

Mr. P. J. Stephens to be headmaster of Ladycross School, Seaford, Sussex.

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Comprehensive Secretarial Training. Resident & Day Students. Courses Commence 2nd, 16th and 30th September. Tel: 01-560 8789.

## Forthcoming marriages

**The Hon Kim Fraser and Miss J. K. North**  
The engagement is announced between Kim, son of Lord and Lady Fraser, and Miss J. K. North, daughter of Mr. John Lawson and Mrs. Louis Kerman and step-daughter of Mr. Louis Kerman.

**Mr. A. W. Fraser and Miss M. J. Rodda**  
The engagement is announced between Alan William, only son of General and Mrs. A. W. Fraser, of the late Mr. A. W. Fraser, South Africa, and Margaret Jennifer, only daughter of Mr. and Mrs. J. T. Rodda, of Val, South Africa.

**Mr. N. J. Peacock and Miss M. J. Hayman**  
The engagement is announced between Nicholas John, eldest son of the late Mr. J. A. Peacock and Mrs. M. Peacock, of West Kirby, Wirral, and Melinda Jane, eldest daughter of Mr. and Mrs. J. D. Rayman, of Richmond, Surrey.

**Mr. R. J. Mellis and Miss J. S. Webberley**  
The engagement is announced between Simon Richard, youngest son of the late Mr. J. A. Mellis, of Littlehampton, Sussex, and Jennifer Susan, elder daughter of Mr. and Mrs. A. K. Webberley, of Congleton, Cheshire.

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**Marriages**  
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## Marriages

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**Mr. J. D. Wallis and Miss J. E. Trigg**  
The engagement is announced between Peter, eldest son



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BALDWIN  
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and the people  
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companies

# Economic indicators underline US forecast of a 'broad based recovery'

From Frank Vogel  
US Economics Correspondent  
Washington, July 29

Dr Arthur Burns, chairman of the Federal Reserve Board, said today that the economy was heading for a "broad based recovery" and that a host of new statistics offered strong support for this assessment.

According to the Department of Commerce the composite index of leading economic indicators rose by 1.9 per cent in June to 383 (1967 equals 100) after a 2.2 per cent gain in May. The index has now risen for four consecutive months and the increase to the end of June, amounting fully 6.2 per cent, is the largest quarterly gain seen in almost 17 years.

The index for orders of plant and equipment was the only one of the nine indicators making up the composite index to register a decline last month.

This significant advance in the composite index comes on the heels of a record United States trade surplus for June and a 2 per cent productivity gain—the first monthly productivity increase seen in nine months.

Dr Burns told the joint Economic Committee of Congress that there was no further need for any additional fiscal or monetary stimulus to the economy. He predicted that unemployment—currently around 8 per cent—would decline to about 7.5 per cent by next summer and to about 7 per cent by the end of the year.

Mr L. William Seidman, Assistant to the President for Economic Affairs, said in a television interview here that there were increasing signs that the economy was accelerating at a faster pace than was generally expected only a few months ago.

Both he and Dr Burns noted that consumer demand was improving and now stood above output levels, while inventories had fallen to an extremely low level, pointing to increases in production.

Confidentially internal administration forecasts now suggest an 8 per cent real GNP growth rate for the second half of this year, compared to the official forecast for the second half of a 5 per cent rate. The official forecast was made only a couple of months ago.

Dr Burns repeated today that the Fed was determined to ensure that the money supply growth rate was reduced from the above 10 per cent annual rate seen in the second quarter.

He noted again that there were grave inflationary dangers as the economy recovers, and hinted that he would be opposed to an extension of the



Dr Arthur Burns, statistics to back up his optimism over economic recovery.

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# France pledges 'vigorous' reflation

From Richard Wigg  
Paris, July 29

A "vigorous programme" to revive France's sagging economic activity will be adopted by the government on September 1 after the summer holidays, the cabinet decided today.

As the ministers met for what President Giscard d'Estaing has called a "diagnosis" of the economic downturn which has hit France, as all western countries, it was announced that the June rise in the official cost of living index was 0.7 per cent. This is two decimal points off the target of 1 per cent set originally for this June.

But it means that on the performance of the last three months France has now pushed its inflation rate below the 10 per cent "threshold".

Mr Giscard, broadcasting tonight, said the measures to restimulate the economy and create jobs need to have a double effect. They would include budgetary changes and would be designed both to offset an autumn influx of young job-seekers as well as adjust to structural changes now going in the French economy.

He gave the existing figure of unemployment in France as near 900,000—the highest official total yet.

Today's timetable foresees a vetting of the precise proposals which officials are going to work out over the next few weeks.

The French Parliament is to be called into extraordinary session early in September because M Jacques Chirac, the Prime Minister, wants to achieve the maximum psychological impact against Opposition critics.

M d'Estaing told the Cabinet today that the economic slowdown in all industrialized countries had exceeded the forecasts of the international experts. France had not been spared. The government's diagnosis, he reported, showed that industrial capacity was not fully utilized while unemployment developed.

He added that the two bright spots were a rate of domestic inflation "now down to figures perfectly comparable with those of West Germany and the United States", and good performances in the foreign trade balance and the balance of payments.

The President invited the French people to grasp the essential characteristic of the September programme was its being based on a "more qualitative conception" of economic growth.

The yardstick could no longer be the growth of gross national product, he implied (which in fact will be very modest this year), but must take account of the profound modifications in the structure of the French economy now taking place.

He was referring to the adaptations to higher energy and raw materials prices.

M André Rossi, the government spokesman, revealed after the cabinet that there had been no discussion of any detailed measures today—merely the "diagnosis".

The September date set for approval means that M Forcade will be returning to Paris for the cabinet meeting directly from the Washington meeting of the International Monetary Fund.

# Singapore explanation for Haw Par inquiries

Desmond Quigley  
Part of the reason for the serious sequence of investigations by various Singapore authorities into the activities of Haw Par, the Singapore based investment and banking group, are explained by Mr Hon Sui, the company's finance minister, in parliament yesterday.

Mr Hon said he had ordered an investigation—one of three by Singapore authorities—into the company because preliminary inquiries suggested serious irregularities on the part of one of the company's officers, according to a Reuters report.

There were three targets for a government investigation, Mr Hon said: evidence that Haw Par directors had set up its trust operations to circumvent the Companies Act and apparent irregularities relating to shareholders as acquired by law.

The third related to evidence of the existence of a Hong Kong company, Spaydar Securities (Hong Kong), which was formed in 1972 allegedly for the purpose of dealing for the personal benefit of directors, in quoted securities of Haw Par subsidiaries said to be at below the prevailing market price by the law parent company.

Haw Par, which has been suspended in Singapore, is at the centre of a Far-eastern ménage à trois which, if concluded, would result in it becoming a majority stake in London Tin in return for Pemas Securities, part of the state-controlled Malaysian National Corporation, gaining 40 per cent of Haw Par's equity.

The "spate" of investigations into Haw Par came only after the announcement of the proposed link-up with Pemas, which led to comments that the Singapore authorities were more interested in blocking a Singapore-Malaysia tie-up. As the interference of the authorities intensified, three leading directors, including Mr James Gammell, the chairman, resigned.

However, Mr Hon told parliament that the investigation was not designed to thwart a Malaysian government takeover or partial take-over of any company operating in Malaysia. If the proposals were withdrawn "new and suitable alternative proposals can be submitted for consultation and consideration".

The company was recently publicly censured by the Singapore Securities Industry Council over its handling of the Pemas arrangement, but directors were cleared of allegations of insider dealing. However, it is precisely on this latter point that the third investigation is being conducted by the Singapore Stock Exchange.

# Newman shareholders back part of TPG deal

By Christopher Wilkins  
In the face of continuing institutional opposition, Newman Industries yesterday won shareholder approval for part of its controversial deal involving Thomas Pools & Gladstone China. But the company has agreed to defer consideration of the second part of its proposals.

At a two-hour extraordinary meeting in Bristol attended by some 60 shareholders, a resolution was carried by a two-to-one poll vote for Newman Industries to acquire a package of investments and liabilities from TPG for £325,000.

Mr Alan Bartlett, Newman's chairman, then agreed to adjourn the meeting so that advice could be taken "about a second resolution. This concerns the proposed purchase by Newman of a 19.8 per cent stake in TPG from Strongpoint, a private company controlled by Mr Bartlett and Mr J. K. Laughton, a vice-chairman of Newman.

The extraordinary meeting had gone ahead after the failure of a last-minute attempt to obtain a further postponement by the Prudential Assurance, which has been leading institutional moves to delay a vote on the resolutions.

The Pru had applied for a High Court injunction on Monday to prevent the resolutions being put at the meeting, which had been adjourned on July 8, but the application was rejected.

The original adjournment had been designed to allow an independent report on the board's proposals to be made by Schuchers but that report has not yet been produced. The Pru's argument was that the resolutions should not be considered until the report was completed—estimated to be by the end of August.

Mr Bartlett, argued, however, that further delay would be damaging to the company and its shareholders and when the Pru proposed another adjournment, it was defeated by an estimated two-to-one vote.

Mr E. P. Hatcher, the Pru's investment manager, said it had originally been thought that three weeks would have been adequate for the report to be drawn up, although Mr Bartlett had estimated it would take longer.

He said he had been told it would not be ready last week and had tried in vain to persuade Mr Bartlett to accept a further adjournment before applying for the High Court injunction. He said the Pru would be considering what action, if any, it could now take.

A spokesman for Schroders said it was not clear whether work on the report would continue now that one of the resolutions had been approved.

# How the markets moved

The Times index: 123.69 -1.06  
The FT index 291.8 -2.7

**Rises**

AH	11p to 12p	Food & Glaxo	2p to 4 1/2p
roben Hill	15p to 16p	King Etc	1p to 1 1/2p
lynton Dewar	5p to 5 1/2p	RKI Textiles	5p to 4 1/2p
ity Offices	3p to 3 1/2p	Selection Tst	10p to 53p
awson & Barlow	2p to 3p	Spencer Gears	1p to 10p
pecial Strp	1p to 63p	Textured Jersey	1p to 3 1/2p
icentia	1p to 9p	Union Corp	5p to 52p

**Falls**

echam Gyp	4p to 27p	Nigerian Elec	5p to 5 1/2p
P	2 1/2p to 48p	Peterson Zoch	4p to 30p
pper Nell	5p to 37p	Shell	7p to 29p
IT	3p to 17 1/2p	Sun Alliance	7p to 30p
KN	2p to 12 1/2p	Ultracarb	6p to 17 1/2p
KN	2p to 21 1/2p	Unilever	6p to 3 1/2p
igams	2p to 22p	Wingate Inv	2p to 18p

old rose 75 cents an ounce to 167.75.  
quities were easier in this trade, sterling closed 10 points down at 1735. The effective devaluation on rate was unchanged at 25.6 per cent.

# THE POUND

Australia S	1.72	Bank	1.67
Austria Sch	40.00	Bank	38.00
Belgium Fr	88.75	Bank	86.00
Canada S	11.25	Bank	10.85
Danish Kr	13.10	Bank	12.70
Finland Mk	8.25	Bank	8.00
France Fr	9.65	Bank	9.35
Germany DM	5.70	Bank	5.50
Hong Kong S	70.25	Bank	68.00
Italy L	11.25	Bank	10.85
Japan Yn	670.00	Bank	645.00
Netherlands Gld	5.85	Bank	5.65
Norway Kr	11.95	Bank	11.60
Portugal Esc	57.50	Bank	55.25
S Africa Rd	1.85	Bank	1.77
Sweden Kr	12.00	Bank	11.60
Spain Pes	9.50	Bank	9.20
Switzerland Fr	5.95	Bank	5.75
US S	2.22	Bank	2.17
Yugoslavia Dnr	39.00	Bank	37.00

Notes: 1. Bank notes only, as supplied by the Bank of England. 2. Different rates apply to travellers' cheques and other foreign currency business.

Reports, pages 22 and 23

**In other pages**

business appointments	20	Market reports	23
lary	21	Share prices	24
financial Editor	21	Unit Trust prices	23
financial news	22, 23	Wall Street	23
eters	20	Bank Base Rates Table	23

# BNOC top post will go to Lord Kearton

By Roger Vielvoye  
Energy Correspondent

Lord Kearton, the former chairman of Courtaulds, is to be the first chairman of the British National Oil Corporation (BNOC).

His appointment for an initial three-year term was announced yesterday by Mr Wedgwood Benn, Secretary of State for Energy.

Having built his reputation as the man who transformed Courtaulds into a major international company able to prosper and ride out the cyclical depression of the textile industry, better than most of its competitors, Lord Kearton now embarks on an equally daunting task—building up a nationalized industry from scratch.

BNOC will officially come into being when the Royal Assent is given to the Oil and Submarine Pipelines Bill, now in its final passage through the House of Commons. Until then Lord Kearton will head an organizing committee of six who will later form the backbone of a board of up to 20 members.

The Corporation will own a 51 per cent interest in 10 commercial offshore oilfields being negotiated by Department of Energy officials.

Further appointments to the organizing committee are expected to be made shortly by Mr Benn. It is expected that these will include a chief executive drawn from one of the big oil companies.

A Department of Energy spokesman said last night that the question of salary for the chairman of BNOC had not yet been discussed.

Lord Kearton retired from Courtaulds last week, six months before he reached the official retirement age of 65. He started his career as a scientist with ICI and has had a number of connections with the oil industry. He is also the longest-serving part-time member of the United Kingdom Atomic Energy Authority and a part-time member of the Central Electricity Generating Board.

The Government recently made a breakthrough in its participation negotiations. British Petroleum joined with several smaller companies in agreeing to the principle of a state holding. Three American companies are expected to make similar declarations shortly.

Devising a formula for giving the state a 51 per cent share in offshore fields without financially penalizing the oil companies may still be several months away.

From a promotional point of view agreement with BP would be a major step forward, and the Government has been using the possible disposal of the former 20 per cent British holding in the company as a negotiating aid.

# Nigerian coup poses threat to prospects for British industry

By Peter Hill

British industry's prospects of carving out an important share of the lucrative Nigerian market were being reassessed today after the coup which has ousted General Gowon as head of State.

Doubts are now being raised over the future of oil-rich Nigeria's sterling balances in London, which are estimated at around £600m.

There has been speculation in recent weeks that Nigeria was among those countries which had threatened to withdraw balances unless the British Government implemented tough anti-inflation measures.

Nigeria, it has been suggested, together with other oil-producing countries, exerted pressure which brought about last week's rise in the Bank of England's minimum lending rate and produced a better return on their sterling balances.

The coup, which took place in the early hours of yesterday morning while General Gowon was attending the Organisation of African Unity conference in Kampala, halted the modest recovery in share prices early in the day.

The Financial Times index remained little changed at the end of trading and in the absence of any details of the new regime's plans or policies (telecommunications, for example, Nigeria were cut) there was no heavy selling.

But the City and British industry will be watching carefully to see what changes the new regime introduces. Nigeria is Britain's largest trading partner in Black Africa and the British Government has been

# Japanese motor imports up by 80 pc

By Clifford Webb

Export figures issued by the Japanese Automobile Manufacturers Association in Tokyo yesterday show that motor vehicle shipments to Britain in the first half of this year totalled 62,000, an increase of 80 per cent over the similar period last year. British motor exports to Japan in the same period totalled only 667 vehicles.

This further evidence of a huge increase in Japanese motor exports will be closely studied by British manufacturers and unions. In particular they will be watching the size of shipments over the next few months for indications of the drop in numbers which must take place if Datsun, the largest importer, is to keep in line with its forecast of nil growth in United Kingdom sales during 1975.

JAMA reported total vehicle exports in the first six months of 1,194,477, a fall of 5.6 per cent on the similar period last year. Of these 800,234 were cars, representing a drop of 6.5 per cent.

Shipments to the Middle East, Europe and Africa increased, but were offset by the recession in their largest overseas markets, the United States and Australia. American shipments fell by 32 per cent to 373,000, and Australian by 6 per cent to 98,000.

The biggest increase, of 125 per cent, was in Saudi Arabia (55,000 vehicles). Britain's 80 per cent was the second highest increase. South Africa came third with 14 per cent (16,000).

June exports showed a general improvement over May with a 12.3 per cent increase, but were still 1.7 per cent down on June, 1974. This is still one of the best export performances

# Life offices decide to relate insurance commission structure to premiums

By Margaret Stone

A new commission structure related to insurance premiums was announced yesterday by the Life Offices' Association and the Associated Scottish Life Offices, which together represent the majority of British life offices.

The new commission structure has moved away from the old concept of commission related to the size of the sum assured, to commissions based on the size of premium income. In doing so, the emphasis has switched from whole or life assurance to endowment-type assurance.

According to the new formula no initial commission may exceed 60 per cent of the first year's premiums. In the past it could have been almost three times as great.

Commenting on this, Mr Kenneth Allen, chairman of the LOA, said that these scales would ensure that the amount of commission paid would be a lot less dependent on the type of policy sold than hitherto.

Control of commission rates has been a feature of the insurance industry since 1960, but although the old method of calculating commissions on a sum assured basis had worked satisfactorily, "a general change in the climate of public opinion, particularly with greater attention being focused on consumer protection, had led to increased criticism of the system", the LOA says.

After three years of study, the LOA has devised a system to satisfy five basic criteria. These are: the system should be simple for both the life office and intermediaries to operate; it must be easy to apply to the new range of package policies; it should not unduly influence surrender values or premium rates; it should reproduce the current total commission bill. The fifth is that it should encourage the intermediary to provide the consumer with strictly impartial advice.

Mr Bill Proudfoot, who chaired the commission rate working party, said yesterday that the new rates were an effort to sell to people what they need. He reckoned that the industry would be paying slightly more.

Leading insurance brokers yesterday gave the new terms a fairly lukewarm reception. They would have preferred a higher maximum than 60 per cent of first year's premiums, and secondly would have liked the LOA to have introduced differentials related to an agreed classification of intermediary.

COMPARISON OF COMMISSION TERMS WITH AN ANNUAL PREMIUM OF £100

Policy	Sum assured	Commission under old scale	Commission under new scale
Whole of life non-profit—male aged 20	13,600	272	£
Whole of life non-profit—male aged 40	6,800	132	60
25 year endowment with profits—male aged 35	2,350	47	60
15 year endowment with profits—male aged 35	1,400	28	37 50
10 year endowment with profits—male aged 35	920	18 40	25
10 year term assurance—male aged 30	64,300	50	60
10 year term assurance—male aged 50	11,300	50	60

# Innocenti workers strike over job cuts

From John Earle  
Rome, July 29

Workers at Leyland Innocenti's plant near Milan today staged a half-day strike in protest against British Leyland's decision to cut the labour force by a third, from 4,500 to about 3,000. A delegation of workers demonstrated before the Lombardy regional government's seat in Milan.

The metal workers trade union and the workers council, in calling the strike last night, announced firm opposition to any measures to reduce job levels and called on the management to give a pledge that no steps would be taken before the plant reopened after the summer holidays on August 28.

Discussion between the management and workers council about cutting production after August 28 are deadlocked, but a company spokesman today said contacts continued and it was possible an agreement might be found before shutting down for the holiday on Friday.

British Leyland's decision, communicated to the Italian government at a meeting in Rome last week, are expected to reduce the Italian subsidiary's output—mostly assembled Minis—to about 40,000 a year. This contrasts with the present annual level of 60,000-65,000, which under earlier plans was to be raised to 100,000.

The British management's tactics are being followed closely by Italian companies in the sector where any similar labour cuts would be likely to provoke an explosion.

The Milan Corriere della Sera today commented that any such measures would be unthinkable by Fiat or Alfa Romeo.

It also said that a major Italian company would not have such fits as Leyland Innocenti did, to inform the government of its plans before the unions.

The British parent's policies have provoked the resignation of Signor Pier Giovanni Bella, Leyland Innocenti's managing director. His successor, Mr Percy Plant, does not speak Italian.

# Deutsche Bank loan rate goes to 10-year low

From Peter Norman  
Bonn, July 29

West Germany's largest commercial bank, Deutsche Bank AG, is reducing the interest rate it charges on personal loans to 0.35 per cent per month from 0.40 per cent with effect from Friday.

According to the bank the effective annual interest rate it will now charge on a 36-month personal loan has been cut to 9.47 per cent from 10.64 per cent, and is the lowest level for 10 years.

The move, which will doubtless be welcomed by the German government, is the fourth cut since last December. At that time personal loans carried an annual interest rate of 15.3 per cent.

Other banks said they were studying whether to follow Deutsche Bank's move.

# ANGLO AMERICAN CORPORATION GROUP Transvaal Gold Mining Companies

DECLARATION OF DIVIDENDS

Further to the dividend notice advertised in the press on the 13th June, 1975 the conversion rate applicable to payments in United Kingdom currency in respect of the undermentioned dividends to shareholders registered on the 27th June, 1975 is £1 = R135.801.

The effective rate of South African Non-Resident Shareholders' Tax is 15 per cent.

Details of the dividends concerned are as follows:—

Name of Company (each of which is incorporated in the Republic of South Africa)	Dividend No.	Coupon No.	Rate of div. (per share in S.A. currency)	U.K. currency Equivalent per share
The South African Land & Exploration Company Limited	72	73	7.5 cents	4.8249p
Wals Reef Exploration Limited	58	—	75.0 cents	48.3749p
Western Deep Levels Limited	27	—	67.5 cents	43.4474p

For and on behalf of  
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED  
London Office:  
40, Holborn Viaduct, EC1P 1AJ  
Office of the United Kingdom transfer secretaries:  
Chambers Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford Kent TN24 8EQ.  
29th July, 1975



## Business appointments Reshuffle of LAFCO board

Mr G. W. Taylor, deputy chief general manager of The Midland Bank, and Mr G. F. Bryen, assistant general manager, international have joined the board of London American Finance Corporation, after the bank's acquisition of a controlling interest. Mr L. V. D. Tindale, deputy chairman of finance for industry, has also joined LAFCO's board to represent the industrial and Commercial Finance Corporation's 40 per cent shareholding. Mr E. S. Tibbets, Mr Leopold de Rothschild and Mr S. E. A. Klamms have resigned as LAFCO directors since the sale to Midland Bank of the directorships they represented. Mr G. S. Stone has become non-executive deputy chairman. Mr A. J. Paine will continue as managing director and group chief executive of London American in its new status as a subsidiary of Midland Bank.

Mr Peter Welch has become managing director of Schwarzkopf UK in succession to Mr Frank Herford-Smith, who is returning to Australia as managing director of Schwarzkopf Australia.

Mr Romie Cole, managing director of Dowdells, has become sales director of Ryman. Mr Peter Tanter has joined the board of Burrup, Multisun. Mr Jack Sharpe has become managing director of BEM's newly-formed electronic and small businesses division. Mr John Griffiths, previously marketing director of electron tube is promoted to director of sales and general manager of that division.

Mr J. E. P. Mills has been elected chairman and Mr John Stewart has been elected vice-chairman of Preventive Predictive Maintenance (Scotland).

Lieutenant-Colonel Tranchard John Pine-Coffin joins the board of Cornwall regional board of Lloyds Bank.

Mr Barry Reed, chairman and managing director of the Austin Reed Group, is to join the European trade committee of the British Overseas Trade Board.

Dr Jeffrey Reynolds has been made technical director of the metallurgical group, Engelhardt Industries.

Mr Robert McGee has become chief executive to British Vita. Mr Frank Eaton has joined the board. Mr George Blunt is now deputy chairman, together with Mr Fenley Parker who continues as deputy chairman. Mr Arthur Wilson has resigned from the board on leaving the company.

Lord Tanlow has been made a director of Braithwaite and Co., Engineers.

Mr Reg Tiplady joins the board of Press Engineering & Management Services.

Mr Malcolm Douglas is to be sales director of Kenneth Bensby.

Mr John Arbuckle has been elected chairman of the Federation of Agricultural Co-operatives (UK). He succeeds Mr W. H. M. Dawson.

Mr David Adam has joined the board of John Walker & Sons.

Mr R. W. Simms and Mr D. W. Harris have joined the board of Anglo American Asphaltic.

Mr Timothy Powell has been appointed sales director of Boyle & Son.

Mr Austin Merrills has been elected president of the British Secondary Metals Association.

## Leyland signs £15m deal with Iran for diesel engine foundry

By Clifford Webb  
European truck manufacturers received another warning yesterday that their booming sales to oil-rich Iran are of very limited duration. So rapid is the progress on the construction of an Iranian motor industry that domestic trucks will soon replace imports.

The latest warning came yesterday in London when British Leyland signed a technical cooperation agreement to construct and equip a £15m foundry at Tabriz, Iran, to produce castings and cylinder blocks for diesel engines.

Four months ago Guest

Keene and Nettlefold beat international competitors to set up a jointly-owned Iranian-GKN company to manufacture clutches, propeller shafts, universal joints and axles. It will also establish a forge for crankshafts and other components.

Yesterday's agreement was signed by Mr Ron Ellis, managing director of BL's truck and bus company and Dr Taslimi, head of the Iranian Development and Renovation Organization (IDRO). It calls for a team of foundry specialists from Leyland to supervise and equip the foundry.

Initially it will have a

capacity of 25,000 tonnes a year including 15,000 tonnes of castings for diesel engines. They will go to S. S. Leyland Diesel (Iran) in which BL has a 26 per cent stake. This factory—also in Tabriz—assembles diesel engines of 80 to 275 hp from imported components.

But its output is severely limited by a world shortage of diesel engine castings.

With more engines becoming available Leyland Motors Iran, another joint enterprise, will be able to step up production of the Leyland-designed trucks it has been manufacturing with locally-produced cabs and bodies for some years.

## Builders seek MPs' aid to halt worsening recession

By Malcolm Brown  
Building trade leaders yesterday pleaded with MPs to give the industry more work. In a letter to all Members of Parliament, Mr Ernest Smith, president of the National Federation of Building Trades Employers, gave a warning that the recession which started about 18 months ago was becoming worse.

The letter was accompanied by the federation's mid-year state of trade inquiry which shows that construction demand is still falling.

Mr Smith says in his letter that one of the most alarming aspects of the situation is the unemployment level in the construction trades which could, he estimates, exceed

250,000 by the middle of next year.

"When the demand for building work begins to grow again, and sooner or later it will have to, we are going to get the houses and the industrial and public buildings we need, the building industry will not be in a position to respond at anything like the rate required."

"It will be so depleted in resources, especially skilled manpower, and so lacking in confidence that it could take several years to effect a full recovery."

The state of trade inquiry, which is based on a representative cross section of 700 firms, shows that more than a third of companies at the end of June were reporting fewer inquiries, by physical volume of work, than in April.

## £24m subsidy for trawlers until September

By Hugh Clayton  
Operating subsidies on all but the smallest of Britain's fishing vessels will be paid until the end of the year, Mr Peart, Minister of Agriculture, Fisheries and Food, said yesterday in a Commons written answer.

He said the extension of the subsidy paid in the first half of this year was a temporary measure to help the industry face and adjust to changing circumstances.

A total of about £24m would be paid until the end of September when finance would be reviewed. The amount paid in the first six months of the year was estimated at £61m.

Mr Peart said that daily payments for the largest trawlers would be cut by £10 to a maximum of £80.

## Avon drops 1pc to Max Factor

Avon, the direct selling cosmetics giant may have lost a share of the market to Max Factor in several product sectors during the past 12 months. This is one of the findings which can be drawn from the latest survey of cosmetics sales issued by IPC Magazines today.

It shows that one of the biggest growth areas in cosmetics is rouges where the percentage of usage has gone up from 26 per cent to 28 per cent during the year. Here, while remaining brand leader, Avon's share has dropped from 15 per cent to 14 per cent while Max Factor's has grown from 13 to 14 per cent.

There are similar movements between the two brands in eye-liners, mascaras and eye-shadows.

In moisturizers, another fast-growing product, Oil of Ulay, with 20 per cent, has topped

## Advertising & marketing

Adweek, owned by Mercury House, has had considerable losses in the past five years. It was faced with closure because of a 50 per cent drop in advertisement revenue affecting both publications in the first six months of this year compared with last.

Setting up own agency  
Angus Shearer who resigned the managing directorship of Young & Rubicam earlier this year is setting up his own agency with an unusual backing arrangement with Ogilvy & Mather.

In return for a stake in the new company, Angus Shearer, OBM is offering the use of its media buying, creative and other facilities. Both parties, however, emphasized that the new agency would be run completely independently from OBM.

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Patricia Tisdall

## Shipbuilding orders at lowest for six years

By Peter Hill  
Industrial Correspondent  
Britain's shipbuilding industry is facing one of its most difficult periods since the last war and has appealed for a policy to be mapped out urgently—regardless of the proposed nationalization of the industry.

This warning comes today from the Shipbuilders and Repairers National Association, which, in its latest statistical survey, points out that the industry's total order book of 321 ships totalling 5.51 million tons gross, is the lowest since 1971 while the inflow of new orders over the past twelve months (75 vessels totalling 253,000 tons gross) is the lowest for six years.

In the second quarter of this year British yards received eleven new orders, totalling only 8,500 tons, pushing the total order book down to the first half of this year to 25 vessels with an aggregate tonnage of 33,400 tons.

The value of the current order book is estimated at £1,358m compared with £1,426m a year ago and the SRNA points out that low intake of new work underlines the gravity of the situation in yards throughout the world.

With the collapse in demand for tankers, and millions of tons of cargo vessels being cancelled particularly in Japan, there is a huge surplus of building capacity.

This carries with it the threat that yards which have concentrated on tanker construction will switch to building more specialized vessels and dry cargo ships—a field in which the British industry has been strong. The competition for the few contracts available will therefore be even more intense.

A spokesman for the SRNA noted that a considerable volume of United Kingdom yards' orders were already under construction. "The order book will keep the industry in general occupied for about another two years, but gaps will appear in some yards' programmes before then, and shipbuilding is obviously entering one of the most difficult periods in its post-war history," he said.

British rates of inflation, he added, were another cause for concern in assessing the industry's outlook. For these reasons the industry has underlined the need for the Government to participate in talks for the formulation of a policy for the industry.

United Kingdom industry fears about the impact of the crisis on Japanese yards is substantiated by a report which appears in the latest issue of the shipping journal, Shipping World & Shipbuilder.

The journal estimates that Japanese yards have taken tanker orders totalling 11.5 million tons deadweight through cancellations, with a further seven million tons subject to negotiation, while a further five million tons of tanker orders have been converted to other types of merchant ship tonnage.

## LETTERS TO THE EDITOR

### Injustices in new National insurance procedures

From Dr James Woodburn  
Sir, Mr Michael Meacher, MP, and Professor Hume in their letters (July 23 and 24) are both too reassuring about the new National Insurance obligations imposed on those who have a small self-employment income of less than £675 per annum in addition to their ordinary income as full-time employees.

They say that such people can apply at any time for exemption (or exemption as the Department of Health and Social Security calls it) from the new levy of £2.41 per week. Class 2 contribution in addition to their ordinary employee's Class 1 contribution. What they do not say is that the exemption is, according to Leaflet NI 27A, effective from the date of application or may be backdated for a period not exceeding 13 weeks.

April 6, the date on which the new levy came into effect, is now more than 13 weeks back, so those who have not applied for exemption will find that they will be paying the new levy in addition to their ordinary wages or salary will be incurring a liability of £2.41 for every week that they continue to delay their application for exemption.

It seems that the same time-some rigmarole of applying for exemption (and sending in the tax papers which have to accompany the application) will have to be repeated on time every year.

The fact that those who fail to apply for exemption will, in some cases, be able to reclaim all or part of the amount paid in Class 2 contributions at the end of the year may be some consolation but it also involves a peculiar injustice: those with low earnings as employees (and hence not paying the maximum in Class 1 contributions) will be able to reclaim less of the amount due in Class 2 contributions for their self-employment earnings, and will therefore be paying a greater penalty for failing to apply for exemption at the right time.

These procedures will, it would appear, often have to be used even when the total annual income from self-employment is very small—less than £10 or £20 a year in comparison with the new National

Insurance liability of £125 a year!

Mr Meacher helpfully assures us that any employment as a self-employed earner will be disregarded where the person concerned is not or directly self-employed but the definition of his own department seems to be more rigorous than might be expected by the unwary.

In advice to the Association of University Teachers, the department states that person who is self-employed as an author and is receiving book royalties will be regarded as genuinely employed and continuously liable to the new levy, until such time as he gives up any intention of continuing working as an author.

It would appear that this applies to whatever period he works as an author during the year and whatever the amount of royalties received. These universities and other institutions who regularly receive gifts, however trivial and however few in number in a year, for writing articles, marking examination papers, giving extramural lectures or broaching are presumably similarly liable until they give up any intention of continuing to work in these ways. Many thousands of other people must surely be similarly affected.

Mr Meacher, or someone from his department, please tell us why those who are in full-time employment and paying regular weekly Class 1 contributions cannot be exempted from Class 2 contributions on any self-employment earnings up to £675 a year automatically without having to waste their time, and civil servants' time, studying the regulations and filling in forms either to obtain exemption or to reclaim excess contributions at the end of the year?

Automatic exemption with out application should also, in practice, resolve most of the difficulties over the definition of ordinarily self-employed. The relevant figures for income are, after all, already available to the authorities through income tax returns.

JAMES WOODBURN  
London School of Economics and Political Science,  
Alldwych, WC2.

From Mr M. C. Matthews  
Sir, With reference to the letter from Mr A. M. Lewis (July 19) and Mr M. C. Matthews (July 23) I am sorry that Mr Lewis has not fully appreciated the intentions of the Rent Act.

What he says is true as far as it goes, but he has overlooked the amendment by Schedule 1 of the 1974 Act, which in Section 5A(5) provides that the tenancy is a tenancy for a term of years certain and granted to a person who immediately before the grant was the tenant under an earlier tenancy of the dwelling house or any other dwelling house in that building and by virtue of this section the tenancy was granted to him by the landlord.

This means that a landlord, if he wishes to let a house to recover possession, and either stick to a periodic tenancy, or grant one fixed term and refuse to renew it, must do so.

M. C. MATTHEWS  
13 Prince Street,  
Dorchester, Dorset.

### Checking up on a cheque

From Mr Reginald Peck  
Sir, The card-backed cheque of British banks (as I know from much experience) is capped at sight all over money Europe, but not always in the own currency. British Rail had this clear the other day when their Brighton office wanted ten days clearance time for a cheque, and refused to believe that my card could be used to cover a mere £30 but a whole £62 needed for my cross channel bookings.

When I explained the standard practice was (as I knew from the same experience) that to sign as many cheques as might be necessary to cover the full amount provided that £30 was the maximum on any one I aroused only suspicion.

The official said he would refer by telephone to higher authority. Rashly assuming that higher authority would be properly informed I wrote out while waiting two cheques for £30 each and one for £2. But the answer, from on high, was something of a reprimand for the easy-going official who had wanted a mere ten days clearance time. Fourteen days it was, and the time when authority required.

I thereupon tore up the cheques and repeated to the nearest travel agency which not only accepted without demur and without reference to clearance time, but also gave for the full amount the passage on the day I wanted. The best British Rail had been able to offer was six days later.

Yours sincerely,  
REGINALD PECK  
Flat 4,  
66 Regency Square,  
Brighton,  
Sussex.

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## IMPERIAL CONTINENTAL GAS ASSOCIATION

Extracts from the Speech by the Chairman, Mr. F. E. Zollinger, at the Annual General Meeting held on 29th July, 1975

Summary of Group Results	1974/75 £'000	1973/74 £'000
Turnover (U.K. Subsidiaries only)	78,941	58,096
Profit before tax	11,039	9,389
Taxation	5,439	4,970
Profit after tax	5,600	4,419
Profit attributable to I.C.G.A.	5,451	4,324
I.C.G.A. share of Unconsolidated Subsidiary		
Companies' retentions (not included above)	3,536	2,009
Dividends	2,298	2,111
Earnings per £1 stock unit	15.96p	12.67p

I have the privilege of addressing you today because my predecessor, Mr. Eric Dutton, decided last year, the year of the Association's 150th Anniversary, that the time had come for him to retire. It is a measure of his outstanding contribution to our Company that when he first joined it, the Association was still five years short of its Centenary. Regrettably he is not here today, perhaps because he anticipated that I would pay him a special tribute. I therefore need not worry about embarrassing him when I say that the Association is very mindful indeed of the great debt of gratitude which it owes him.

**Belgium**  
The remarkably clement weather made itself felt also in Belgium. It is encouraging to see that in spite of this handicap, which was accentuated by an energy conservation programme introduced by the Belgian authorities, the AGM achieved a noteworthy improvement in its earnings, a fact which was reflected in its published profits. When these profits are viewed against the background of a modest increase in the volume of gas sold—in 1974 sales advanced by only 9% against 18% during the previous year—there clearly can be no doubt that to a substantial extent the enhanced profitability of the AGM is due to greater operational efficiency.

Electrogaz, too, attained better results in 1974 even though the published profits are marginally below those of the previous year. This satisfactory trend is, in large measure, due to the steadily continuing policy of modernising and extending both the electricity and gas networks, especially the latter as a result of conversion to natural gas.

The rationalisation of the electricity industry in Belgium is, of course, a matter of considerable importance to the Association.

The Boards of Intertrans and of a large company, Intercom, have agreed to merge whereby the former will be merged with the latter. The terms of the merger are: 6 Intercom shares for 7 Intertrans shares and this ratio maintains the value of the Group's investment. Our shareholding in the enlarged company will be 2.8% and we shall have a small representation on the Board. The terms have yet to be approved by the shareholders of the two companies.

The position concerning Electrogaz is less advanced. Four companies and certain parts of two others are involved in a merger with Electrogaz acting as the absorbing company. These are complicated operations requiring a great deal of thought and preparation; we will make an announcement when the details are settled.

**Oil and Gas**  
In keeping with other oil companies, Petrofina had an excellent year in 1974. Turnover exceeded £2,000 million, consolidated net published profit rose by 32% to £39 million and the dividend was raised from £1.30 to £1.70 per share. During the year capital expenditure amounted to £197 million, of which some £33 million were invested in the North Sea, primarily in their 30% stake in the Ekofisk Field. Production at Ekofisk remained virtually static because of technical teething troubles, but should reach 15 million tons per annum by the end of this year. By 1977 production from the Ekofisk complex is expected to rise to around 25 million tons annually.

Century Power and Light Limited terminated the year with some advance in net profit.

It is fortunate for the Group that Century's positive cash flow resulting from the Hewitt Field operations has enabled it to meet its share of the Phillips consortia exploration expenditure programme without excessive calls being made on the Association's liquid resources. It must, however, be recognised that if the discoveries which are presently being evaluated are to be exploited, significant financial demands may well be made on the Group in the future.

**Calor Group**  
Turning now to our British interests, for the Calor Group the year under review was one of mixed fortunes. Although turnover advanced by 54% to £77 million resulting in a trading profit of just under £7 million—an increase of some £700,000 or 12%—Group pre-tax profit was 8% down at £3.8 million.

The principal reasons for this mildly disappointing outcome were a noticeable increase in financing costs, the containment of profit margins resulting from price control measures and a poor performance by the Agricultural Division.

As North Sea oil begins to arrive on these shores in rapidly increasing quantities, a much larger volume of LPG will become available. Your Board deem it right that Calor should already now take steps to ensure that it will have the capability to benefit from this development and is prepared, within reason, to assume the financial burden which the necessary capital investments entail in order that Calor may in due course reap the fruits of this evolution.

It is due to these considerations that the Group's capital expenditure budgeted for the coming year amounts to £10.6 million or approximately £3 million above depreciation quotas.

In Northern Ireland, Calor's earnings remained true to their tradition of overcoming hardships of various kinds. They broke all records in the sale of gas and appliances, a creditable performance indeed under the circumstances. In the Republic of Ireland, on the other hand, Calor fared less well. Fuel conservation measures introduced by the Irish authorities, a mild winter, rapidly rising labour costs resulting from a high rate of inflation and price controls all combined to produce a disappointing final result.

**Current Year**  
It is traditional for your Chairman to give you some indication as to the likely outcome of the current financial year. It would clearly be foolhardy for me to be other than circumspect. I would therefore prefer to say no more than that I hope to be able to give you another reasonably cheerful report when we meet here again next year. As we operate substantially in an area of considerable currency strength with nearly 70% of our earnings deriving from well-established Belgian sources, we should be well placed to weather whatever storms may break out around us in the intervening period.

Copies of the full Speech and Report and Accounts can be obtained from Trident Registrars Ltd., 41-47 Old Street, London, EC1Y 9PT.



# MONTEDISON

GOOD RESULTS 1974

After efforts made in the past three years to re-establish operating efficiency Montedison ended the 1974 financial year with results which allow a dividend payment for the first time in four years.

Net profit of parent company amounted to 80.6 milliard lira, after depreciation amounting to 164 milliard lira, of which 14 milliard lira represents accelerated depreciation. In 1973 profit was 5.5 milliard lira and depreciation 148 milliard lira. Consolidated profit reached 123 milliard lira compared to 33 milliard lira for 1973.

The Annual General Meeting on 30th April 1975 approved distribution of 28.8 milliard lira, to shareholders, representing 33 lira per share of 500 lira nominal value. The dividend is payable from 6th May 1975.

In addition, Montedison shareholders who opted for the Gemina shares have already benefited in 1974, by 20 lira for each Montedison share held.

The Meeting approved the allocation of the retained profit together with the profit carried forward from the previous financial year. 4 milliard was transferred to the legal reserve, 28.8 milliard lira to the dividend equalisation fund, and 24 milliard lira was carried forward.

These satisfactory results have been obtained during a year in which problems resulted from increases in the cost of oil and raw materials, the adverse international economic situation, price controls which remained in force in Italy until the middle of the year, and reduced demand in international chemical markets which started in the autumn.

Parent company sales in the financial year reached 2,300 milliard lira of which exports were 724 milliard lira, showing an increase of 96 per cent over 1973. Total Group sales, i.e. to external companies, were 4,029 milliard lira, exceeding 1973 by 55.6 per cent.

Petrochemical Division represented over 65.6 per cent of the Group turnover showing an increase of 106 per cent over 1973 thus making a significant contribution to the Group results.

Two foreign subsidiaries of this division, both in the polypropylene field, PAULAR (Spain) and NOVAMONT (USA) showed considerable increases both in sales (PAULAR: + 176 per cent, NOVAMONT: + 75 per cent), and in profits. During 1974 important agreements for new joint production in Italy were concluded with the British Group, ICI, for

aniline and with the Japanese company, SEKISUI, for expanded polyethylene and for PVC tubes.

Agricultural Division doubled its turnover. The Dutch subsidiary, CNA, a producer of fertilisers, made a profit of 16 milliard lira compared to 2.6 milliard in 1973.

Industrial Products Division increased turnover by 59 per cent over 1973, and ACNA (Dyestuffs) reported good results. Pharmaceutical Sector: sales by FARMITALIA and CARLO ERBA have been restricted by price control on specialised drugs in Italy, thus hindering satisfactory economic results.

One of the most significant products obtained from the Group's pharmaceutical research, the antitumor agent Adriamycin, has passed the tests of the American National Cancer Institute and has obtained registration in USA. As a direct result ADRIA LABORATORIES (UK), has been formed with the American chemical company HERCULES, to introduce into the North American market the products resulting from the Group's pharmaceutical research.

The Fibre and Textile Sector—headed by the MONTEFIBRE subsidiary was affected in the second half of 1974 by the international market recession which resulted in reduced sales and unsatisfactory results. However foreign subsidiaries, MONTEFIBRE FRANCE and MONTEFIBRE HISPANIA, have obtained positive economic results.

TECNIMONT, the chemical engineering subsidiary, has achieved remarkable results both in Italy and abroad where orders amounting to 200 milliard lira were obtained.

Group research in 1974 in the chemical and fibres sectors was intense. Total cost, excluding technical assistance, was 56.6 milliard lira and 4,500 people were employed.

Among other significant results are the development of new catalysts for the production of polypropylene and HDPE, a new polyolefin fibrillate process for the production of synthetic paper, and polybutylene terephthalate.

Recent favourable agreement has ended the long dispute with some major American companies regarding MONTEDISON patent rights for isotactic polypropylene.

STANDA in the retail distribution sector has increased its sales revenue by 21.4 per cent with satisfactory economic results.

Financial Sector.

FINGEST has obtained good results in the administration of its own investment portfolio which was reinforced by increased participation in the insurance field.

GEIMIA made very high profits in the financial year 1973-1974.

In the second half of 1974 the change in the financial market slowed down its activities in portfolio investment in Italy and in foreign exchange and commodities, but nevertheless results remain positive.

Capital investment programme, started 1973 was boosted in 1974.

Investment in new industrial plant amounted to 138.1 milliard lira in 1974 for the parent company and 242.6 milliard for subsidiaries.

### MONTEDISON-MAIN ITEMS FROM THE BALANCE SHEET

	Montedison Parent Company		Montedison Group Consolidated	
	1974	1973	1974	1973
Sales	2,300 (1,640)	1,173 (1,837)	4,029 (2,874)	2,690 (1,847)
Labour Costs	358 (254)	281 (200)	933 (655)	760 (542)
Depreciation	164 (117)	146 (104)	263 (185)	237 (168)
Profit for the Financial Year	80.6 (57.5)	5.5 (3.9)	123 (87.7)	33 (23.5)
Fixed Assets	2,047 (1,480)	1,227 (1,374)	3,377 (2,409)	2,065 (2,186)
Accumulated Depreciation on Fixed Assets	1,060 (758)	908 (648)	1,659 (1,183)	1,



BY THE FINANCIAL EDITOR

# British American and those overseas earnings

Yesterday's figures from British American Tobacco vindicated the City's hopes and effectively killed the doubts which had been sown by the 10p drop in the share price. But it is now time to take stock of this information. BAT's principal profits recently have lain in the fact, first, that almost 90 per cent of its profits are earned abroad, and secondly, that it operates in a stable and highly cost-effective industry. Yet it is implied benefits would not appear to have come to the point in the six months to end-



Mr Richard Dobson, chairman of British American Tobacco: retail profits down.

The net gains on exchange changes, after tax, were £1m, which, given the fact that the group's turnover and profits, that of an increase in charges from £17.9m to £20.9m, £1m was attributable to the effect of sterling depreciation on payments, is quite markedly small. The explanation, of course, lies in the surging Brazilian operation, where the contribution to BAT's profits has been diminished by the 12 per cent depreciation of the cruzeiro against the pound. All the same, a British American should have gained so little at a time when sterling has been weak and the outcome should the British Government's policy to devalue or even improve the rate of the pound.

That need not affect British American's rating as a big overseas earner. If the areas in which it operates are relatively buoyant, yet as the reduction in man profits underlined, areas operators can be quite subject to price controls and rising costs as their British counterparts. And although British American is winning in America, it is, despite a fall in share price and market share, improvement reflects in the impact of last year's price increases.

It is, however, thanks to the additional tobacco business that the group has managed to maintain its profits at all, for, affected by devaluations, the second half of the year, and retailing is doing from well despite some improvement in sales and operating profits by Kohl Corpora-

obacco is going to stay the performer to the end of the year too, which means that it is likely to be down on the responding period after the one-off gains. The prospective 5.9 cent yield at 29 1/2 is nevertheless safe, but it is not clear at all that much to.

rim: 1974-75 (1973-74) Capitalization £740m Sales £2,042m (£1,764m) Pre-tax profits £126m (£125m) Dividend gross 5.77p (5.22p) includes duty and excise on tobacco.

Insurance brokers changing the structure impact on brokers' earnings the new commission structure affecting life, endowment, and pensions business.

Barclays branch manager might be able to clinch the deal for them. The Building Societies Association confirmed yesterday that it had written to the bank after complaints from members that the advertisement could be taken to suggest that the path to a mortgage was paved by opening an account with Barclays. The building societies are popularly supposed, of course, to believe that opening an account with a building society doesn't do any harm.

Peter Citroes, Barclays' advertising head, says the advertisement is merely one of a series (watch this space) illustrating the ways in which the bank's branch managers can help clients. The bank maintains that viewers cannot be misled because the advertisement states clearly that no mortgage can be guaranteed from a closer acquaintance with Barclays, and the advertisement will therefore continue to be screened for the scheduled two months or so.

BBA members, on the other hand, remain particularly annoyed by a suggestion in the closing moments of the advertisement that the branch manager, who, one is assured, is likely to be friendly with his building society opposite number, stands a better chance of landing the mortgage than you, the friendless borrower.

will obviously depend not only on the present mix of this business within individual companies but also on how successfully they can alter that mix to minimize the impact before the new rates take effect in July, 1976.

Thus, for example, those brokers used to concentrating on a relatively quick and easy selling of whole-of-life, non-profit business will have to change their tune. Generally United Kingdom life and pensions business represents a fairly small part of the total international earnings of most of the quoted insurance brokers, with the possible exception of Leslie & Godwin, and in all cases it would be unwise to make inferences without knowing to what extent negotiated packages override usual commission rates, on corporate insurance and pensions business for example. The major impact of the new structure looks like being limited to specialist (and unquoted) life brokers.

## Glenlivet Varied sales pattern

Although the distilling sector has been under a cloud since the disappointing preliminary figures from Distillers, with the depression compounded by the somewhat disturbing increase in bulk exports of whisky into the United States at the expense of the more profitable bottled products, one will have to look further than Glenlivet Distillers for succour. Of the £121,000 increase in interim pre-tax profits, some £80,000 was a non-recurring stock profit.

With bottled sales lower by volume, it has largely been a case of price increases coming to the rescue. For, if Glenlivet has been somewhat fortunate in having the market in the muscle of Segrams behind The Glenlivet in the United States—volume rose by 40 per cent—there have been severe setbacks elsewhere. The most important European market, Italy, continues to suffer from discrimination while Germany has apparently proved another weak spot, especially for the Queen Anne standard blend.

In the United Kingdom, under the Courage aegis, Queen Anne has made moderate progress, having doubled volume sales due to its being on the optics in all Courage pubs. But bulk sales are slow. Competition in this sector has escalated: there are

rim: 1974-75 (1973-74) Capitalization £740m Sales £2,042m (£1,764m) Pre-tax profits £126m (£125m) Dividend gross 5.77p (5.22p) includes duty and excise on tobacco.

Of course, there aren't all that many people who can afford to build a country house, and it is suggested that a similar situation exists in the case of those who can afford to build a country house. However, most of those who can afford to build a country house are likely to be friendly with their building society opposite number, stands a better chance of landing the mortgage than you, the friendless borrower.

## Fairey Good order books

Fairey's forecast profits rise turns out to be a fairly modest 12 per cent before tax, but that is after interest charges nearly doubled to over £1m, and there are implications in this for the current year. Towards the end of last year and into this year, Fairey has been financing an expanding volume of business.

On the aviation side, where trading profits were up 60 per cent at nearly £1.5m last year, the Islander and Trilander are selling well in the Far East and elsewhere, while in engineering, where profits rose 11 per cent to £1.1m last year, the export orders for bridges and other military products seem healthy enough. Nuclear orders are the only question mark here and await the Government's policy on nuclear power. The Marine group should do better this year than last year's £0.17m with contracts including the £2m Libyan patrol boats order.

Fairey shareholders are unlikely to be called in to help finance this generally improved order book as the balance-sheet is probably still sound enough, and the bulk of contracts are self-financing. In this season of rights issues this is probably a more important factor than the historic p/e of 5.3 at 57p and the yield of 6.6 per cent.

Final: 1974-75 (1973-74) Capitalization £9.5m Sales £39m (£29m) Pre-tax profits £11m (£2.61m) Earnings per share 10.7p (9.4p) Dividend gross 3.7875p (3.443p)

## British Leyland The price of staying aboard

Whether shareholders in British Leyland who failed to take advantage of the Government's 10p share offer did so out of ignorance or simply because they forgot to fill up the acceptance coupon, is impossible to say. But those who did not opt to take up the bird in the hand can now see all too clearly to what extent they are locked in.

While the shares that are effectively allotted to the Government offer are trading on a spread of 9 1/2-10p, those that are committed to the ongoing business and conversion into shares in the new company are suffering a rather different fate. The spreads being quoted by two jobbers yesterday were 4p-7p and 5p-7p. Maybe trading in the shares will increase and the spread narrow once the new company comes into being, but just how long it will be before shareholders see the equivalent of a 10p share price again is another matter.

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banks in a position to offer housing finance to their employees on extremely attractive terms. The Building Societies Association confirmed yesterday that it had written to the bank after complaints from members that the advertisement could be taken to suggest that the path to a mortgage was paved by opening an account with Barclays. The building societies are popularly supposed, of course, to believe that opening an account with a building society doesn't do any harm.

Peter Citroes, Barclays' advertising head, says the advertisement is merely one of a series (watch this space) illustrating the ways in which the bank's branch managers can help clients. The bank maintains that viewers cannot be misled because the advertisement states clearly that no mortgage can be guaranteed from a closer acquaintance with Barclays, and the advertisement will therefore continue to be screened for the scheduled two months or so.

The Dublin Government's plans for bringing down the Irish Republic's rate of inflation face a crucial test this week, when trade union leaders meet to discuss a proposal which would effectively waive the right of workers to a pay rise of between 4 per cent and 5 per cent.

The union officials are being asked by the Government to forgo the pay rise due to their members under the country's National Wage Agreement in return for a taxation and subsidy package which is expected to cut the cost of living by about 4 per cent.

This latest round of proposals, aimed at coping with an inflation rate which is now over 24 per cent and climbing, draws heavily on a recent analysis of the Irish Republic's inflationary crisis produced by the country's National Economic and Social Council.

But although inflation, which began as an imported phenomenon and is now home grown, is worrying, the real concern for the country's policymakers, both in the short and the long term, is the perennial one of finding work for those who want it. There are more

than 100,000 people without a job this summer, and by the end of the year that figure is almost certain to be up to 120,000, raising the unemployment rate to about 12 per cent of the workforce.

Even worse 1976 holds out little prospect for any immediate relief. National determination and the EEC have between them done wonders for the sense of independence from the United Kingdom; but the harsh figures still show that more than half the country's trade is still done with Britain and Northern Ireland. The inevitability of a tough time ahead for the United Kingdom will, as anyone in Dublin is prepared to admit, lead to a very bad time indeed for the Irish Republic.

It has been badly hit by its economic links with the United Kingdom, of which the most visible line between the Irish pound and sterling. Because of this baleful influence there has been growing pressure in recent months for an end to the link which in present circumstances would mean an Irish revaluation.

Speculation about this has remained almost static, with the inexorable decline in agriculture being almost coun-

## David Blake

parity 28.9 per cent below its Smithsonian rate. The recent recovery has, however, removed some of the pressure for breaking the link and there seems little real likelihood of it occurring in the immediate future.

Dr Thomas Whitaker, Governor of the Central Bank, is one of those who are sceptical about the advantages of a break at the present time. "Many of those advocating such action," he says, "look at it as a means of imposing discipline. They forget how hard a discipline it might be."

But if a break with the pound is not on the cards immediately, there seems to be a consensus in unofficial Dublin circles that it is likely to happen one day.

However, the Irish would still be faced with a fearful set of problems which are domestic in origin. In the past three years the total number of jobs has remained almost static, with the inexorable decline in agriculture being almost coun-

terbalanced by increased employment elsewhere. This, in absolute terms, is not too bad a performance at a time when the world has been in economic decline; but it is nothing like as good as the country needs to achieve to cope with its ever-expanding population. The success in attracting new industry in the 1960s has meant that new emigration has almost come to a stop, and the first taste of prosperity has brought down the age of marriage.

That means that, in the coming decade, the country has to have a net increase of between 25,000 and 30,000 jobs a year if it is to avoid mounting unemployment. The companies with an average figure of 3,000 new jobs a year in the period 1961 to 1972.

No one can accuse the government of not doing its best to attract new industries. The Industrial Development Authority has scoured the world looking for new investment and has scored some coups in luring German, Japanese and American companies to set up plants.

However, a recent report produced for the EEC Commission by two leading economists at the Economic and Social Research Institute is highly

critical of the capital incentives which the IDA has handed out to attract foreign companies to invest. These grants, they argue, have attracted a small number of highly capital intensive factories which produce little spin-off for the rest of the economy and even less employment.

A much better approach, they argue, would be to provide a direct labour subsidy, which would reward job creation directly.

Such critical views are not universally held, however. As one trade unionist argued: "We can make all sorts of criticisms of the way foreign investment has been done, but we have to take what we can get."

This sense of realism provides the other dominant note in Dublin, an optimism that in spite of all the problems the country will pull through.

"What this crisis has really shown us," the same trade union official argued, "is just how much we have achieved in recent years. We are going to have a very rough time getting over it, but get over it we will. If it had come a few years back we would just have gone under. There's no chance of that now."

# Clive Schmitthoff discusses the European Commission's draft proposals Shaping the new European company

The final draft of the proposed statute of the European company (Societas Europaea, SE) was approved by the Commission of the European Communities on April 30, 1975. The original draft, published in 1970, has been substantially amended and made more flexible.

In its final form the statute of the SE is likely to be accepted by the Council of Ministers later this year or early in 1976. With the enactment, by regulation, of the statute of the SE an important step will be taken towards the realization of the aim of the EEC treaty to weld together the territories of the member states into a single economic unit.

The statute of the SE is essentially a self-contained European Companies Act. Unlike the draft directives on harmonization of company law, it does not aim at the amendment of the national company laws of the member states but will exist side by side with them as an autonomous European regulation.

The possibility of incorporating national companies in the member states is left unimpaired and it is probable that the great majority of companies operating in the EEC will continue to be incorporated under the national laws of the member states. When the statute of the SE becomes operative, British business interests planning to cooperate with interests in other EEC countries will have a choice. The British holding company may, as at present, form national subsidiaries in the other EEC countries or, if the requirements of the statute are satisfied, may form a supra-national SE.

## Rights and power

The SE has legal personality and has in each member state the same rights and powers as a national company. The principal aim of the admission of the SE is to create a corporate form suitable for mergers and other forms of cooperation across the frontiers, without encountering the legal and psychological difficulties which obstruct such cooperation at present.

The SE comes into operation once it is registered in the European Commercial Register, which will be kept by the Court of the European Communities in Luxembourg. The SE has its registered office in one of the member states but may have registered offices in several member states which will keep duplicate registers of all SEs having

registered offices in their territory.

An SE can be formed, in principle, by the public or private companies in different member states; the former restriction to public companies is abandoned in the final draft. The SE must, however, contemplate a total merger of the issued capital of the SE shall be at least 250,000 units of account (approximately £100,000). If they wish to form a joint subsidiary or if an SE is formed as a subsidiary of another SE, the minimum capital is only 100,000 units of account (approximately £40,000).

These capital limits are considerably lower than those proposed in the original draft. The fact that private companies can form an SE and the lowering of the minimum limits of capital have brought the possibility of utilizing the form of the SE within the reach of medium-sized enterprises. Its capital may be expressed in European units of account or in the currency of any member state. The shares may be bearer or registered shares.

The SE will have a two-tier board. The number of members of the supervisory board shall be divisible by three. The supervisory board will consist of one-third of representatives of the shareholders, as to one-third of representatives of the employees, and as to one-third of members co-opted by the two groups. The third group shall be persons "representing general interests, possessing the necessary knowledge and experience, and not directly dependent on the shareholders, the employees or their respective organizations".

This system represents a combination of the German system of *Mitbestimmung* and the Dutch system of co-optation. The employees may resolve by simple majority that they do not wish to be represented on the supervisory board. That decision is valid for the current term of office of the supervisory board. In the case the board consists only of representatives of the shareholders. No person may sit on the supervisory board of more than ten companies.

The members of the board of management are appointed and dismissed by the supervisory board. Fortunately, the SE is not bound by the original draft that the majority of the board members shall have the nationality of one of the EEC member states has been dropped in the final draft and there exists now no discrimination on account of nationality.

Nobody can be a member of the board of management and the supervisory board at the same time. The board of management requires the prior authorization of the supervisory board in the following cases:

- (a) closure or transfer of establishments of the company or appreciable parts thereof;
- (b) substantial curtailment, extension or modification of the activities of the undertaking;
- (c) substantial organizational changes within the undertaking and in several countries;
- (d) establishment or termination of long-term cooperation with other undertakings.

## Works council

A European works council will have to be formed in every SE having at least two establishments in different member states, each with at least 50 employees. The European works council will be in addition to the national bodies, such as the works councils or consultative committees which one meets sometimes in British enterprises, or the *comités d'entreprise* and *Betriebsräte* which are statutory requirements in French and German companies.

The European works council may decide by simple majority that a delegate of a trade union represented in an establishment of the SE shall be entitled to attend certain meetings in an advisory capacity. Present and former members of the European works council, including any trade union delegates, are under a strict duty of secrecy but the council shall inform the employees in the establishments of the SE in a suitable manner.

In specified matters mainly concerning industrial relations the board of management can reach decisions only in agreement with the European works council, and in other matters the council has to be consulted. The European works council must, on principle, engage in collective bargaining.

ing; great care is taken by the board of management of the position of trade unions in that respect.

Article 119 (2) of the statute provides: "The European works council may not conclude agreements nor conduct negotiations regarding the working conditions of employees unless a European collective agreement expressly authorizes the conclusion of supplementary agreements by the European works council." Where an SE is the controlling company in a group of companies, a group works council has to be formed.

The statute further contains important provisions for the protection of minority shareholders. Where the controlling company is an SE or a company limited by shares formed under the law of a member state, the controlling company is under an obligation to acquire the shares of the minority shareholders either for an appropriate cash payment or by issuing shares or convertible debentures in their place of such payment.

As an alternative, the controlling company may offer the minority shareholders the option of annual equalization payments. Similar provisions exist if the controlling company is incorporated in a country which is not a member state of the EEC. These provisions go further than the minority protection of section 209 of the Companies Act 1948.

The adoption of the form of the SE will not carry with it any tax advantages. The tax regulation is similar to that applying at present under double taxation relief agreements in permanent establishments in several countries. The advantages derived from the employment of the SE will be in the area of production and marketing. These activities can be carried out more rationally and commensurate to the existence of a single market, which the EEC intends to establish.

To sum up, the general impression which the final draft of the British company law is that it contains considerable improvement on the original project, both in content and language. As regards content, it is more liberal and much more flexible, except in its provisions on the production of industrial democracy into British company law; it gives due representation to all interests involved without according one a dominant position over the others and is founded on the principle of cooperation rather than confrontation.

## A model

Two features of the final draft deserve special mention. First, the proposed composition of the supervisory board may well serve as a model for the production of industrial democracy into British company law; it gives due representation to all interests involved without according one a dominant position over the others and is founded on the principle of cooperation rather than confrontation.

Secondly, the final draft has abandoned the original idea that the form of the SE should be used only by the very large companies. As has already been indicated, the SE will now be suitable also for medium-sized enterprises.

Nevertheless it is likely that among the first industries which will avail themselves of the new form will be the aircraft and computer industries. It is clear that with the advent of the SE European industry enters into a new phase of its development. The SE may become the form of organization of European enterprises which wish to be competitive in the world markets and to combine the considerable managerial talent available in Europe.

The author is Visiting Professor of International Business Law at the City University and the University of Kent at Canterbury.

# Holidays demonstrate their resilience to recession

The inclusive holiday industry is assessing how much damage unfavourable publicity about overbooking of hotels, surcharges, and currency devaluations are likely to do to its prospects.

It is too early to say how the latest offer of a refund or another holiday of comparable standard for holidaymakers caught by overbooked hotels will work out in practice. But the evidence from last year's track record of business collapses is that the holiday public has a remarkable resilience to bad tidings.

Advance bookings continued to pour in to other tour operators even while it was far from settled whether disappointed holidaymakers would get any money back, let alone a full refund.

This bears out research findings which say that holidays abroad become even more desirable in times of recession. A British Airways survey published at the beginning of the year found that overseas holidays have replaced the motor car in terms of priority in the British household budget.

The situation now that the peak holiday period has arrived is that business this summer is exceeding all expectations, including those of some Spanish hoteliers. The best assessments made last year, were that the number of foreign holidays this summer would be about 5 per cent down on 1974. Inclusive holidays last year were themselves 25 per cent below 1973 levels.

The latest view is that the season will end with a 5 per cent overall increase in summer inclusive bookings. Another surprise element in this year's trade has been the low level of cancellations. Under the booking conditions now operated by most of the big tour companies, clients are given the option to cancel with a full refund if surcharges due to fuel, currency or other costs boost the total bill by more than 10 per cent by the time the final invoice is sent out—this is usually about 10 weeks

before departure and clients are given up to a further two weeks to make up their minds. Cancellations last year are estimated at about 20 per cent of total bookings. This year they are reckoned so far to be as little as 5 per cent, although it should be remembered that the full weight of the currency fluctuations in June is only now starting to bite many holidaymakers. These are clients of firms like Thos Cook and Thomson Holidays, which stuck to the industry's policy of holding prices after the final invoices go out rather than raising an immediate surcharge.

Nevertheless, the general feeling is that cancellations are surprisingly low. In the light of their dismal experiences with the British sector last year, arising from both the collapse of several large tour operators and the level of cancellations, it is not altogether surprising that many Spanish hoteliers gambled by double booking. It was unfortunate that an expected fall in numbers of German holidaymakers, who are also important contributors to the Spanish holiday business, did not take place.

The situation was exacerbated by the political upheavals which diverted tourist traffic away from places like Cyprus and Portugal to Spain. Spain already accounts for 34 per cent of all holidays abroad from Britain.

Although inclusive holiday business is likely to be well up on last year, there may be reductions in the amount of spare spending money taken abroad by Britons. This is estimated by some tour operators to average at least as much per person as the cost of their holiday, but any decline will not show up in the statistics for several months.

Equally difficult to assess are the trends for the large number of Britons who still make individual or "groschen" holiday arrangements. The indications are that there is also some growth here on last year.

Townsend and Thorsen, part of European Ferries and accounting for about a third of cross-Channel sea travel from Britain, have, for example, put on four extra sailings a week this summer on one route. As a matter of policy, the company does not release booking figures, but a spokesman was also able to report that for the first time its camping equipment service had been fully booked for the peak summer months by as early as April.

But not until final figures have been tallied can a true picture be seen. Even more difficult to assess are the trends for the large number of Britons who spend their holidays in their own country. Theoretically, the British holiday market should benefit from the overseas package tour decline. But last year, when foreign inclusive tour carryings dropped by 25 per cent, the expected boom in home holiday spending did not occur.

As a result, behind the early euphoria characteristic of the holiday business there is a cautious attitude to this year's prospects. The preliminary indications are that, although the volume of bookings may be up, the fringe spending on which many traditional holiday operators depend may again be sadly behind cost increases.

Nevertheless, two clear and very different areas of growth are emerging. These are British-based inclusive holidays such as British Rail's "Golden Rail" scheme, with the out-of-season short holiday packages such as Grand Metropolitan's "Star-dust" scheme run by hoteliers. The other big growth is in self-catering holidays, including camping and caravanning, which are usually linked to car transport. Petrol prices have undoubtedly influenced the distances which people travel on holiday, but according to the latest figures, cars still account for nearly 70 per cent of all United Kingdom holiday transport.

Patricia Tisdall

# Business Diary: Cook's tour de force • Bank raid

idently, the Midland Bank, which with Trust Houses Forte and the Automobile Association took over Thos Cook from the Government, is taking a tough line over the travel company's business. A top-level shake-out was announced yesterday which lived the departure of group managing director Simon Kimmins and Jerry Jordan, the assistant and chief executive of the company. Mr. Kimmins, an American, is leaving to join American Airlines, and Mr. Jordan is leaving to join the firm of Thos Cook and Thomson Holidays.

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Barclays branch manager might be able to clinch the deal for them. The Building Societies Association confirmed yesterday that it had written to the bank after complaints from members that the advertisement could be taken to suggest that the path to a mortgage was paved by opening an account with Barclays. The building societies are popularly supposed, of course, to believe that opening an account with a building society doesn't do any harm.

Peter Citroes, Barclays' advertising head, says the advertisement is merely one of a series (watch this space) illustrating the ways in which the bank's branch managers can help clients. The bank maintains that viewers cannot be misled because the advertisement states clearly that no mortgage can be guaranteed from a closer acquaintance with Barclays, and the advertisement will therefore continue to be screened for the scheduled two months or so.

BBA members, on the other hand, remain particularly annoyed by a suggestion in the closing moments of the advertisement that the branch manager, who, one is assured, is likely to be friendly with his building society opposite number, stands a better chance of landing the mortgage than you, the friendless borrower.

Of course, there aren't all that many people who can afford to build a country house, and it is suggested that a similar situation exists in the case of those who can afford to build a country house. However, most of those who can afford to build a country house are likely to be friendly with their building society opposite number, stands a better chance of landing the mortgage than you, the friendless borrower.

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## Tracing paper

A little decorating launched Micheline Massé on a career that has made her her own boss and, on paper, the boss of her husband as well.

Miss Massé decided to paper one wall of her Montreal home with worthless stock and bond certificates. However, she decided to check up on an old American mining share given to her by a girlfriend who had inherited it from an uncle.

After referring to the library of the commerce department of the city university—her Alma Mater—Miss Massé found that her friend's "wallpaper" was in fact worth about £2,500. The girlfriend got back her gift, but today, six years later, Miss Massé combines bringing up her three children with running Stock Market Information Service, a tracing company, in the basement of her house. Husband Joseph Bonneau, a former stockbroker, is now her vice-president.



Micheline Massé in London yesterday.

less in actual or potential terms. About one in 20 are untraceable, in which case the fee is returned.

Some cost far more to trace than the flat fee, but this loss is gladly carried over. Once found, the lost sheep is entered on the file, saving expense the next time it crops up. As time goes on, the law of increasing returns sets in and the files grow thicker.

Much of her business comes from American and Canadian sources. Some of these ask for British issues and some inquiries from British residents are forwarded to her from Canadian stock exchanges.

These often concern stocks or bonds bought while the inquirer was working in Canada or the United States or inherited from an emigrant relative. Her biggest find for a United Kingdom client was \$25,000, but that is clearly exceptional.

Investors lose touch with companies for many reasons. They may not have bought the stock themselves or, again, the company may change its name or address or be gobbled up in a merger.

Women, her main customers, hold nearly half the number of stocks in the United States. Miss Massé is at present in London with her family on a working holiday.

Frank Smythson, the Bond Street stationer, may be counted among the latest converts to the view that North Sea oil may not turn out to be the bonanza it's cracked up to be. The stationer recently purchased a new line of oilfield paperweights, costing £9.60 and containing a small flask of oil from the Forties Field. Alas, under pressure from the wholesalers, Smythson's have been moved to issue a correction, saying that while the oil is North Sea and "probably" comes from the Forties, the original assertion cannot be confirmed. The price is still £9.60, though.

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## FINANCIAL NEWS AND MARKET REPORTS

## Stock markets

## Both gilts and equities less confident in thin trading

An easier trend in gilt edged set the tone for the rest of the market yesterday. Equities were additionally upset by disappointing profit figures from British American Tobacco, and by the military coup in Nigeria, where Unilever, BP and other major British companies have substantial interests.

But selling of equities remained very light, with recorded bargains of only 4.733 well below the total traditionally regarded as that of a "viable market".

Gilts had a day of fluctuating fortunes. Small losses on the day were recorded in all

Shares in *Burmah Oil* remained depressed at 27p. The City sees little hope of benefit for shareholders from the rumoured move by the Bank to sell off the BP stake.

Sections of the market, but sentiment remained firm. Concern about higher American interest rates was the main unsettling factor in the background.

"Shorts" opened 1/16 point lower and soon ran into selling. By lunchtime losses ranged up to 1/2 point. But fears that the discount houses might have to borrow from the Bank at Minimum Lending Rate for a week, as on last Tuesday, proved unfounded and prices recovered in the afternoon. Most stocks

were only 1 point off on the day. The coupon rate on the "yearling" issue was 11 1/2 per cent at an issue price of 99 15/16.

"Longs" were good at the opening, but enthusiasm soon died down. Selling in the morning was quite heavy and forced prices down by 1/2 or 1 point. Most dealers felt that this was profit-taking after the recent rise, but some referred to the Nigerian situation as an unfavourable influence.

But they too staged a recovery in the afternoon. Most stocks were only 1/2 or 1 point down by the end of trading.

Share prices tried to extend the gains of the previous session but were quickly undermined by the softer tone in gilts and by apprehension regarding the possible effects on British companies of the coup in Nigeria, and last, but certainly not least, by sudden rumours that Bats would not produce the expected £135m pre-tax profit for the first half of the year.

Shares in Bats dipped to 28 1/2 ahead of the figures but picked up to 28 7/8 when the group disclosed profits that were at least better than some of the totals predicted by the rumour mongers. At 29 1/2 at the end of the day, Bats shares were only 1/2 off on the session, and dealers said that turnover was not on any great scale.

The Nigerian upset dealt a further blow to BP, which obtains substantial supplies of

crude oil from that country. The previous evening had brought disclosure that BP is selling unwanted tankers—at a time when nobody needs tanker space. Moreover, the City is still convinced that the Bank wants to sell the BP shares taken over from Burmah. All this, together with suggestions from leading brokers that BP may need a rights issue, sent the shares down to 48 3/4, a net fall of 1 1/2. But selling of BP remained relatively light, and institutional investors were willing to take up good lines of stock.

Shell, also with crude oil interests at stake in Nigeria, eased to 29 1/2. Unilever, also at risk in Nigeria by way of its United Africa

subsidiary, fell initially to 32 1/4, later 32 1/2, a net 6p off. Other industrial companies involved included Paterson Zochonis, the West African merchant with substantial Nigerian assets, 40p lower at 300p.

Among the mines, Amalgamated Tin Mines of Nigeria (Hidgs), a thin market in London, shed 2p in 41p. Bishchi Tin and Kaduna Syndicate also turned down in thin trading.

The lower trend in Unilever, BP and Bats did nothing to help the other blue chips. ICI ended 1p off at 253p. Glaxo 2p down at 348p after 345p. Fisons 4p lower at 235p. Beechams 4p down at 276p.

Reed International (196p) and De La Rue 160p both con-

tinued to fall away ahead of trading statements, which due this week. At 113p Court-aids were dull.

Tube Investments, at 242p, provided a firm spot in a dull engineering section. Metal Box (215p), Wickers (123p), Swan Hunter (58p), Plessey (68p) and Reynolds Parsons (40p) were all on the downward trend.

The speculators climbed out of Furness Withy, leaving the shares 6p down at 234p. P & O also gave ground. On the building pitch, Costain (183p) and Taylor Woodrow (244p) reflected the withdrawal of investment support.

Store shares remained under the cloud cast by the decision to cut stocks by Marks & Spencer. Shares in Marks themselves fell 2p to 95p on nervous sales, while House of Fraser and Great Universal Stores "A" (154p) also weakened.

The exception of this pitch was Debenhams, which added 2p to 66p on the announcement that the former head of Thomas Cook, the travel bureau, is to become an executive director.

Shares in Clayton Dewandre were lively, falling to 45p on the announcement of a £2m rights issue, only to recover to 52p after the disclosure of significantly higher profits for the first half of the year. A&A continued to respond to good profit figures, and others helped by trading news included Blackman & Conrad,

Pride & Clarke and Macarthy's Pharmaceuticals. The financial sector, turned down again as the institutional buyers withdrew once more. The lending bankers were weaker, with Barclays Bank 2p

Although pleased by the quiet confidence expressed by the chairman of Imperial Continental Gas at yesterday's annual meeting, the market paid more attention to the possibility of a rights issue in due course. The shares eased 5p to 340p.

off at 250p ahead of the results, which are due this week. Among the insurance groups, it was General Accident (135p) and Sun Alliance (380p) which gave ground.

Nervousness returned to the property pitch. Land Securities (142p) were again weighed down by the rights issue, and MEPC (79p) also closed lower.

Gold shares came in for further support but gains were very small. At the end of the session, Vaal Reef showed a net gain of 75p at £29. Equity turnover on Monday was worth £37.7m (11,629 bargains). Active stocks yesterday, according to Exchange Telegraph were ICI, Tate & Lyle, Marks & Spencer, Boots new, Bats, Marks & Spencer new, Unilever, Shell, Charterhall and Midland Bank.

## Artagen confident of rental gains

With rental increases in the second half expected to contribute more, Artagen Properties remains confident about the full year's outcome. But there was a drop from £1.1m to £1.04m before tax in the six months to June 30. This was after a jump in bank interest from £282,000 to £435,000.

The net profit dropped from £806,000 to £652,000 and earnings a share from 1.55 to 1.41p, but the interim dividend went up from 1.04p to 1.17p.

Progress has been made with group developments world-wide on which some £5.1m has been spent in the past half-year. While acknowledging the downturn in demand for space, lettings have been achieved on most developments, with Boulevard Macdonald, Park Lane, the only building causing real concern. Elsewhere the group has been active in acquiring first-class commercial and industrial developments in Britain.

## Wilkinson agrees Warrington offer

For some time Wilkinson Match has been trying to sell its 66 per cent-owned subsidiary Eddy Match of Canada. But it also wanted to keep that company's match operations. Galt, Mallesbe & Co. offered £30 a share for Eddy last week but proposed to sell back the match operation for £4.25.

Now, Warrington Products, a previous suitor, has raised its offer for the steel equipment division of Eddy from £25 to £30 a share and leave Wilkinson with the match companies. Wilkinson Match is backing this offer.

## C &amp; C sells Strand stake to Legal &amp; Gen

For more than 18m, Capital & Counties has sold its interest in Arundel Great Court, Strand, to Legal & General Assurance Society. The development, which was to have been a joint venture, on land owned by the trustees to the Norfolk family estates, is nearing completion. C & C continue as project manager until completion.

## Antofagasta pret

Again paying no dividend on the ordinary shares, Antofagasta (Chile) Ltd. expects to pay a full-year dividend on the preference on January 1 next, reducing arrears in this class to two years. For 1974, on turnover up from £1.42m to £2.37m, the pre-tax profit more than doubled from £338,000 to £714,000, and equity earnings from 0.93p to 1.87p.

## Curb on Geo Salter

Though profits are substantial, Geo Salter, the maker of weighing machines, does not have enough money to buy all the new machines it needs, writes Mr R. Bache, chairman, in his review. As the number of authorized shares has not been changed since 1952 the board is considering bringing it into line with real assets. It will inform shareholders soon about an increase in capital.

## Boulton &amp; Paul slump

On the cards at half-time, Boulton & Paul, a subsidiary of British Electric Traction, came a cropper in the year to March 31. Pre-tax profits tumbled from £5.1m to £1.39m on

turnover raised from £1.57 to £4.66m. In turn, earnings were slashed from 5p to 1.5p, and the dividend to 2.85p to 1.2p.

## Mr Glass faces Vantona today

Former chairman of Vantona and now president, Mr B. Glass, has told institution holders in Vantona that he has arranged a meeting at the same Manchester venue before today's annual meeting of the company to discuss this "other grave matter". He has also sent out 1,000 telegrams to members around Manchester.

The Vantona board as present is split on the offer from Spirella. Mr Glass has agreed to accept for his own holding. A letter to Vantona shareholders and loan stock-holders last night by Mr Herbert C. Pilkington, chairman, says that the board, apart from Dr J. Blackburn and Mr J. A. Morris, regards the Spirella bid as "totally unacceptable", and holders are asked not to sign anything. Reasons would be given later.

## Jokai-Longbourne

Acquiring a further 308,000 ordinary shares in Longbourne Holdings, Jokai-Ten has built up its total holding to 376,000 of them, some 29.6 per cent of the total. At the same time, Walter Jackson & Co. has sold its 308,000 shares in Longbourne.

## Nigerian Elec

Pre-tax profits of Nigerian Electricity Supply Corporation for the year to February 28 are up from £419,500 to £530,500. There is no further dividend, leaving the total at 11p against 10.5p.

## SKF-SHEFFIELD TWIST

Offer of July 12 to buy remaining Ordinary stock units of Sheffield Twist Plant and Steel accepted by holders of 61.5 per cent of issued ordinary capital. The brings SKF's stake to 96.2 per cent.

## SLATER-WALKER

SW Associate Grupo Valenzuela acquired 75 per cent of stake in financial services group of companies formerly controlled by three Spanish companies. CV has just had a one-for-one rights issue.

## CITY OFFICES

Pre-tax profit for half year to June 30, £368,000 (£338,000). Dividend is 0.98p (0.89p). Gm revenue for second half slightly better than for first.

## BLACKMAN &amp; CONRAD

Pre-tax profits for six months to March 31, £307,000 (£285,000) in turnover, £4.2m (£3.9m). Second half should be a profitable interim. Interim is 0.85p (0.87p).

## WHEELERS RESTAURANTS

Final dividend for year to March 31, £0.98p (0.89p). Gm revenue for second half slightly better than for first.

## DRAYTON PREMIER

Stag Furniture's agreed offer now unconditional, after acceptance for 50.32 per cent of equity. It is extended until August 22.

## BLAKE'S

Sales for year to March 31, £2.7m (£1.91m). Pre-tax profit, £166,000 (£139,000). Dividend is 2.46p (2.25p).

## Clayton Dewandre raises £2m as profits and sales burgeon

By Ashley Druker

The shares in Clayton Dewandre eventually rose 5p to 52p yesterday on news of a rights issue and interim results showing appreciable growth in turnover and profits.

The issue is of one new share for every five already held at 36p to raise about £1.9m. It involves the issue of 2.28m ordinary shares, and the placing with institutions at 99p per cent of 16 per cent debenture stock, 1990/95 (details will be released today).

Sales in the opening six

months to June 30 expanded 33 per cent to £18.67m (against 27 per cent in the preceding full year). So this leading supplier of power braking systems saw pre-tax profits climb by 21 per cent to £1.5m (and compared with 11 per cent to £2.5m for the year before).

The verdict must be that in the prevailing tough economic going (Clayton caters for the commercial vehicle makers with Westinghouse as its most important rival) the interim outcome is promising.

The group does not expect the second six months to keep up the pace shown in the first half but it still looks for profits for the year as a whole to match the £2.5m pre-tax made last time.

Meanwhile the interim dividend rises from 2.35p to 2.63p, while a total is promised of 8.54p compared with 7.63p.

Clayton, which also makes gearboxes, aluminium die castings, glassware, and light fittings, with offshoots in India and South Africa, has not been hit badly by the recession in the commercial vehicle sector.

## John Brown has placed Westland

As a result of the rights issue by Westland Aircraft last week, John Brown became entitled to some 2.92m new shares. This parcel has now been placed by broker Rowe & Pitman, Hurst, Brown through the market with several leading institutions. The market value would be about £916,000.

This answers the question whether John Brown would subscribe to the Westland £4.4m "rights" for its full 21 per cent holding, worth about £3.9m. Constructors John Brown having made a dent in John Brown's balance sheet last month, the market had an eye to the possibility of JB diversifying itself of its Westland stake.

## Macarthy's top forecast with best ever £1.6m

By David Mott

Reversing a decline after six months Macarthy's Pharmaceuticals raised profits before tax by 11 per cent to £1.6m in the year to April 30. This compares with a minimum £1.45m forecast at the time of the £795,000 rights issue in May.

Included in a total dividend raised from 4.07p to 4.91p is a final payment of 1.07p, representing the costs of whole sale depot closures and redundancy payments. A sum of £50,000 has been transferred to the pension fund and this, too, was deducted before the pre-tax profit was struck.

Liquidity is sound and in spite of rising overheads the board is looking forward to a "reasonably successful" year.

With his interim statement Sir Hugh Linstead, chairman, warned shareholders of sweeping employment changes which might have to come about in the industry. As it happens a sum of £57,000 taken off trading profits, being the costs of whole sale depot closures and redundancy payments. A sum of £50,000 has been transferred to the pension fund and this, too, was deducted before the pre-tax profit was struck.

## Issues &amp; Loans

## Normand 2-for-7 at 25p a share

Normand Electrical, the manufacturer of electric motors and electronic and marine equipment, plans to raise £400,000 through a two-for-seven rights issue at 25p a share. The shares closed unchanged at 43p yesterday. Underwriting has been arranged by the Industrial & Commercial Finance Corporation.

Proceeds will reduce bank borrowings and provide further working capital. Over the past three years the investment programme, excluding acquisitions, has amounted to £800,000 and this year a further £330,000 is expected.

## Brazil borrows \$50m

A loan of \$50m is being advanced by a syndicate headed by Chase Manhattan, to Brazil.

## Local authorities

The coupon on this week's group of Local Authority Bonds is up 1/2 per cent to 1 1/4 per cent a year. Coventry, Hackney and Tyne & Wear are offering £1m of bonds each, and Southwark is raising £2m.

STIEBE GORMAN HOLDINGS Acceptances of rights issue at 80p totalled 89.5 per cent of shares (at 80p). The balance was sold in the market.

ECGD FOR QATAR Hambros Bank has arranged a loan of £1.3m for Qatar Fertiliser, on behalf of Royal Bank of Scotland. ECGD has guaranteed it.

ANDERSON STRATHCLYDE Rights offer at 110p accepted on 49.1 per cent of shares and rest was left with underwriters.

## EIB LOANS TO ITALY

Three loans totalling 15,900m lire (197.5 million units account), all at 94 per cent, have been granted in Italy by European Investment Bank.

PRESIDENT'S STATEMENT  
A. HIRATA

In 1974, for the first time in 30 years, the Japanese economy experienced a negative rate of growth in real terms. This was largely due to the Government's policy of holding the nation's total demand in check by means of fiscal and tight-money policy. This had a rapid and far-reaching effect in almost all areas of industrial and financial endeavour and, although a slowdown in abnormal price increases was achieved, it was accompanied by a serious overhilling of the entire economy.

Fully aware of the important social role that a non-life insurer should play in such an unsettled economic environment, your Company made every effort to spread the influence of insurance. This was achieved by expanding the existing sales network, introducing new types of insurance cover and establishing new branch offices. In this manner your Company was able to achieve the following results:

The premium income came to a total of ¥111,780 million which represents a 24.9% increase over the previous year. By the end of March, 1975, the total assets of the Company had risen by a figure of ¥39,918 million to a new total of ¥260,460 million. The profit for the year amounted to ¥8,443 million. It is perhaps at this point that I could most appropriately offer my warmest thanks to our shareholders and other interested parties for the support that they have continued to give.

I will now move on to a brief description of our operating results in the various lines of business:

## Marine, Aviation and Transport Business

In these categories of business the combined premium income amounted to ¥17,692 million, up by 30.8% over the previous year's ¥13,526 million. Paid claims however increased by 51.7%, from ¥7,041 million in the previous year to ¥10,682 million in the year under review.

In the marine hull insurance business, your Company had no choice but to operate in the severe environment of a worldwide recession. It was nonetheless able to achieve a gain of 23.3% in income. However, the loss ratio was on a higher level than in the previous year because your Company suffered a number of big losses.

In the transport insurance business your Company was able to achieve a sharp increase of 32.6% in income. On the other hand, the loss ratio rose slightly above the previous year's level.

In aviation insurance your Company had a premium income of ¥484 million. This was achieved thanks to a vigorous and continued effort to win new contracts in Japan and abroad.

## Motor Vehicle Business

The premium income in this line of business amounted to ¥30,676 million, showing an increase of 22.5% over the previous year's ¥25,035 million, while paid and outstanding claims ran up to ¥31,068 million from ¥25,368 million in the previous year. This was largely due to a rise in the amount of

compensation for accident together with an increase in the unit cost of repairs.

## Personal Accident Business

Your Company has for a long time attached a great deal of importance to this line of business which is regarded as a growth sector of the industry. Consequently a new type of cover, called "income protection insurance", was introduced and commanded satisfactory sales during its first year.

Accordingly your Company's premium income in this line of business recorded a sharp increase of 68.5%, from ¥3,720 million in the previous year to ¥6,268 million in the year under review. Paid and outstanding claims however totaled ¥2,977 million, as compared with ¥1,770 million in the previous year.

## Property Business

In this line of business your Company had a premium income of ¥22,147 million, up by 19.9% over the previous year's ¥18,477 million, while paid and outstanding claims did not increase by more than 2.2%, from ¥7,057 million to ¥7,213 million in the same period. This can be explained by an improved loss ratio for fire insurance, which still forms the nucleus of this line of business.

## Overseas Business

In order to keep pace with the internationalization of the Japanese economy, we have actively continued to strengthen and enlarge our bases of operations overseas. For instance wholly-owned local corporation, called the Taisho Management Corporation, was founded in United States and the capital of Taisho Marine and Fire Insurance Co. (U.K.) Ltd. was increased. The operating results overseas were good, thanks to the smooth progress of business in Southeast Asia, the United States and Europe.

## Investments

Your Company achieved an interest and dividend revenue of ¥12,464 million, up 34.2% over ¥9,287 million of the previous year, by endeavoring to make opportune and appropriate use of its various assets in the light of the financial situation. At the same time our securities holdings and outstanding loans have increased by 16.3%, from ¥148,180 million in the previous year to ¥172,383 million.

## Accounts

The total premium revenue of your Company in the year under review amounted to ¥111,780 million, as compared with ¥89,521 million in the previous year, while paid and outstanding claims totaled ¥91,126 million, as compared with ¥69,949 million in the previous year.

The total underwriting balance of your Company was ¥3,624 million, as compared with ¥7,856 million in the previous year, and the interest and dividend revenue increased to ¥12,464 million as compared with ¥9,287 million for the same period.

The profit obtained after deducting taxes and other expenses from the sum of the underwriting balance plus interest and dividend revenue amounted to ¥6,443 million as compared with ¥11,487 million in the previous year. Of the above profit, ¥6,549 million was designated as claims equalization reserves and transferred to the insurance fund. Furthermore ¥2,469 million was put aside as legal and revenue reserves.

BALANCE SHEET (as of 31st March)			
LIABILITIES:	(In Million Yen)	ASSETS:	(In Million Yen)
	1975		1975
Share Capital	15,000	Loans	81,297
Capital Reserves	8,979	Investments	77,549
Revenue Reserves	22,460	Fixed Assets	19,505
Profit and Loss Account	1,245	Current Assets	68,572
Insurance Funds	107,391		57,075
Current Liabilities and Provisions	105,385		
	260,460		220,542

TAISHO MARINE & FIRE INSURANCE CO., LTD.

TOKYO, JAPAN

The annual report will be available at Hambros Bank

The New Toyota Crown 2600 Saloon.  
£4491\*



Only by reaching for perfection can the highest standards be achieved.

For the owner driver or the chauffeured executive, the new Toyota Crown Super Saloon provides a standard of comfort that is rarely equalled even by the world's most expensive cars.

As well as the usual Toyota refinements, the Crown has full air conditioning and purification. Electric windows. Electro-magnetic door locks that engage automatically at speeds in excess of 8 mph. A self-seeking VHF stereo radio with twin concealed aerials. An auto-reverse cassette player.

Rear passengers also have full control of their own separate air conditioning and radio volume and station selection.

Yet with this, one of the most comprehensive equipment specifications available on a production saloon at any price, Toyota have managed to keep the cost of the Crown in proportion to the times and running costs in line with current thinking.

A standard which others must surely follow. If they can.

TOYOTA

Toyota (G.B.) Limited. A Pride and Clarke Company  
Toyota (G.B.) Ltd., 320 Purley Way, Croydon, Surrey CR9 4LT Tel: 01-681 1921

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## FINANCIAL NEWS AND MARKET REPORTS

## Overseas

## Algemeene Bank in talks with Mees en Hope

The shares of Algemeene Bank Nederland, one of the largest Dutch banks, were suspended in Amsterdam and London yesterday when the bank announced it was holding talks with Mees en Hope Groep to see whether a closer cooperation between the two could be achieved. The announcement was interpreted as heralding a bid by ABN.

Mees en Hope Groep is the parent company of Bank Mees en Hope, and is 20 per cent owned by Morgan Guaranty Trust. Its shares had been suspended in Amsterdam on Monday.

The two companies said a further announcement would be made as soon as possible, but gave no further details.

Last year, ABN made a profit after tax of 96.6m guilders (about £17m) and had a balance sheet total of 34,941m guilders (£1,530m). The much smaller Mees en Hope Groep made a net profit of 27.1m guilders (£4.75m), of which 21.1m guilders was made by the bank. The bank's year end balance sheet total was 5,500m (£965m) and employs 3,300 people, while ABN employs 21,100.

## Mixed fortunes for American Express

With second-quarter net income up 31 per cent to \$41.3m, American Express' total profit for the first six months of the year improved 2.9 per cent to \$76.7m (£34.8m).

But behind these figures is some coming and going. Income from travel and financial services rose more than 30 per cent to \$44.7m, while that from insurance fell almost 21 per cent to \$32m.

Travel to Europe shows some weakness, but Mr Howard Clark, chairman, says there are record sales of travellers cheques and card business in the United States and the western hemisphere. Though the insurance results are "unsatisfactory" there are signs that rate increases are catching up with the cost of claims.

As a special dividend to A.E. shareholders, 195m shares in Donaldson, Lusk & Jenrette are to be distributed on October 10 in the ratio of one D.L.J. share for every 35 in A.E. Mr Clark says this involves the company's expansion plans and objectives. D.L.J. has agreed to the move.

## Pirelli SpA paying 50 lire a share

Having made a £2.7m profit in the year to end-April even though one major subsidiary, Industrie Pirelli, continued to suffer heavy losses, Pirelli SpA is to pay a 50 lire (3.1p) dividend. Société Internationale Pirelli SA, Dunlop's European International unit, produced better results last year, and so did Pirelli Sacc (Belgium), and Industrie Pirelli's losses were reduced from £11.7m to £7.8m.

## Bank Base Rates

Barclays Bank	9 1/2%
C. Hoare & Co.	9 1/2%
Lloyds Bank	9 1/2%
Midland Bank	9 1/2%
Nat Westminster	9 1/2%
Shawley Trust	11 1/2%
20th Century Bank	11 1/2%
Williams & Glyn	9 1/2%

7-day deposit on bank of £10,000 and under, 0.5% up to £250,000, 0.75% over £250,000, 0.75%.

## ANGLO-AMERICAN GOLD INVESTMENT COMPANY LIMITED

(Incorporated in the Republic of South Africa)  
DIVIDEND NO. 55  
Further to the dividend notice advertised in the press on the 17th June, 1975, the conversion rate applicable to payments in United Kingdom currency in respect of the above-mentioned dividend is £1 = R1,555.04 equivalent to 70.1209p per share.  
The effective rate of South African Non-Resident Shareholders' Tax is 15 per cent.  
For and on behalf of  
ANGLO-AMERICAN GOLD INVESTMENT COMPANY LIMITED  
D. H. J. Panton  
London Secretary

London Office:  
40, Holborn Viaduct, EC1A 1AJ  
Office of the United Kingdom Transfer Secretaries:  
Charter Consolidated Limited,  
P.O. Box 102,  
Charter House, Park Street,  
Ashford, Kent, TN26 3SQ.  
30th July, 1975

## Foreign Exchange

The dollar strengthened in light European trading against a background of favourable American economic news.

Dealers said the dollar, which was supported by Monday's news of a record American trade surplus in June, was further helped by a rise in the United States composite leading economic indicators in June, the fourth consecutive monthly rise.

The pound closed marginally weaker at \$2.1755 against the dollar, 10 points down on the day, but unchanged on balance with the Bank of England effective depreciation rate unchanged at 25.6 per cent.

The dollar was at its highest since November 13 last year.

Dealers said the continued confidence in the American economy and firmness of American short-term interest rates encouraged demand. Treasury bills held steady at levels at the opening, they noted.

Sterling was initially unsettled by the military coup in Nigeria following speculation about the future of sterling balances held in London by Nigeria, a major oil exporter, dealers said.

But the pound was still helped by the restoration of the traditional interest rate differential between American and United Kingdom rates which followed the rise in the Bank of England Minimum Lending Rate to 11 per cent.

Gold was 75 cents an ounce higher at \$167.75.

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## Commodities

COPPER: Wire bars finished 55.50 up for cash, 56.50 for three months, 57.50 for six months, 58.50 for nine months, 59.50 for 12 months, 60.50 for 15 months, 61.50 for 18 months, 62.50 for 21 months, 63.50 for 24 months, 64.50 for 27 months, 65.50 for 30 months, 66.50 for 33 months, 67.50 for 36 months, 68.50 for 39 months, 69.50 for 42 months, 70.50 for 45 months, 71.50 for 48 months, 72.50 for 51 months, 73.50 for 54 months, 74.50 for 57 months, 75.50 for 60 months, 76.50 for 63 months, 77.50 for 66 months, 78.50 for 69 months, 79.50 for 72 months, 80.50 for 75 months, 81.50 for 78 months, 82.50 for 81 months, 83.50 for 84 months, 84.50 for 87 months, 85.50 for 90 months, 86.50 for 93 months, 87.50 for 96 months, 88.50 for 99 months, 89.50 for 102 months, 90.50 for 105 months, 91.50 for 108 months, 92.50 for 111 months, 93.50 for 114 months, 94.50 for 117 months, 95.50 for 120 months, 96.50 for 123 months, 97.50 for 126 months, 98.50 for 129 months, 99.50 for 132 months, 100.50 for 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### Stock Exchange prices

## Equities drift lower

ACCOUNT DAYS: Dealings Began July 28. Dealings End Aug 8. § Contango Day, Aug 11. Settlement Day, Aug 19.

5 Forward bargains are permitted on two previous days.

[illegible]



# Gas

## In the red but in the pink

by Roger Vielvoye

The British Gas Corporation will announce today it made a loss of just over £42m in the financial year finishing at the end of March. Blame for this financial setback is firmly placed on the government policy of price restraint at a time when the corporation's operating costs have been caught by the inflation that bedevils every facet of the economy.

On paper, gas is the cheapest of the fossilized fuel industries and, with its sources of fuel supplies coming mainly from the British part of the North Sea, it also has the potential to exceed the profitability of the privately owned oil industry.

Once the effect of government-imposed restraint on prices has been wiped out, the future for the industry looks brighter. Gas associated with oil from the Shell-Esso Group's Brent fields in the northern part of the North Sea has recently been bought by the corporation. With supplies from the troubled Frigg field farther south, this will push the amount of gas available to the corporation from its current level of 4,000m cu ft a day to 6,000m cu ft a day by the early 1980s.

The heartache and problems caused by converting more than 13 million homes, offices and factories to burn natural gas instead of manufactured supplies is almost over and the nationwide network of large diameter pipelines to transport the gas from the east coast of England to the main centres of population has been built on time and has worked effectively. The network is now being expanded to cope with gas from the Frigg and Brent fields.

Finally, the Government is about to compensate the industry for its past losses. The corporation has had one substantial price increase this year, and another is in the pipeline. Together they should put the industry back on the long road to financial workability.

Prices went up by 12 per cent from January 1, and an

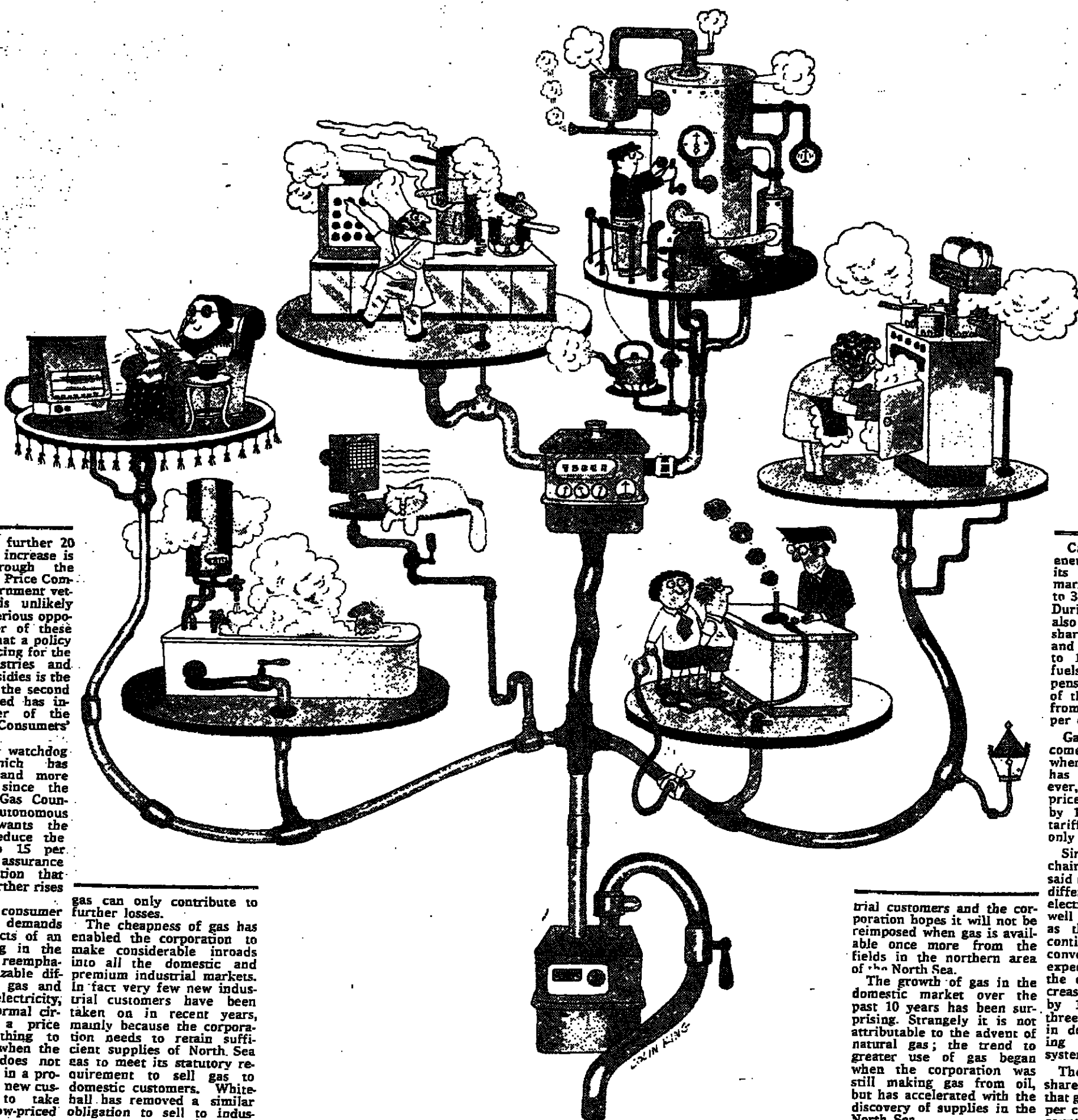
application for a further 20 per cent average increase is now going through the mechanism of the Price Commission and Government vetting. While it is unlikely to run into any serious opposition from either of these two bodies now that a policy of commercial pricing for the nationalized industries and Exchequer subsidies is the order of the day, the second price rise proposed has incurred the anger of the National Gas Consumers' Council.

The consumer watchdog organization, which has taken on a new and more powerful status since the abolition of the Gas Council and the autonomous regional boards wants the Government to reduce the price increase to 15 per cent and wants an assurance that there will be no further rises this year.

According to the consumer organization's demands would ruin prospects of an industry and would re-emphasize the already sizable differential between gas and its competitors—electricity, coal and oil. In normal circumstances, such a price advantage is something to be cherished. But when the pricing structure does not put the corporation in a profit-making situation, new customers queuing to take

gas can only contribute to further losses.

The cheapness of gas has enabled the corporation to make considerable inroads into all the domestic and premium industrial markets. In fact very few new industrial customers have been taken on in recent years, mainly because the corporation needs to retain sufficient supplies of North Sea gas to meet its statutory requirement to sell gas to domestic customers. Whitehall has removed a similar obligation to sell to indus-



tries. While the new transmission network will be passing close to remote communities that have not previously had gas laid on, none of them is large enough to warrant laying the complex system of secondary distribution mains necessary to get the gas from the trunk main to the houses.

Other factors also limit saturation coverage. Mining areas tend to remain loyal to solid fuel and many individuals have personal preferences although these are often more expensive than gas. Marketing men at the corporation are hoping that most new private houses built in future will lay on gas and that local authorities will make greater use of gas. In the past, council house builders have gone for the cheaper installation costs of electric central heating, but are now receiving tenants' complaints about the size of their heating bills.

Sir Arthur says the theoretical limit of the gas share in the domestic market is about 75 per cent and that by the late 1980s gas could be supplying up to 60 per cent.

Competition in the industrial market is mainly with gas-oil and will not hot up until the late 1980s when the price of Frigg gas are landed.

The corporation is keeping the price of Frigg gas a secret. Originally, the corporation had offered a single price for all gas from both the United Kingdom and Norwegian parts of the field. The nearest it has come to admitting the final contract price was in answer to a question from a parliamentary select committee when it said that the increase in price between the original blanket offer and the agreed price for gas from the Norwegian sector was "some 23 per cent".

The other unknown factor in future pricing policies is the cost of Brent gas which is also subject to a formula that will produce a final price only when the gas comes ashore.

Meanwhile the corporation has said that it is still "hungry for further supplies" and will be bidding for any other fields that become available outside the United Kingdom sector of the North Sea.

The author is Energy Correspondent, The Times.

Calculated on a useful energy basis, gas has pushed its share of the domestic market up from 15 per cent to 38 per cent over 10 years. During the time electricity also increased its market share from 22 to 29 per cent and oil use went up from 8 to 11 per cent. All three fuels expanded at the expense of coal, whose share of the domestic market fell from 55 per cent to only 22 per cent.

Gas's greatest success has come in central heating, where its main competition has been electricity. However, since January 1973, the price of electricity has risen by 100 per cent while gas tariffs have increased by only 20 per cent.

Sir Arthur Hetherington, chairman of British Gas, said recently he expected the differential between gas and electricity prices to continue well into the 1980s as long as the electricity industry continued to be primarily a converter of fossil fuels. He expected the gas share of the domestic market to increase to about 50 per cent by 1980 with more than three quarters of the growth in domestic gas sales coming from central heating systems.

There are limits to the share of the home market that gas can capture. Only 86 per cent of the houses in the country have access to gas

# Servotomic serves the consumer, with Britain's gas.

Servotomic, a member of the GKN Group of Companies, has followed a policy of expansion in the last few years, always co-operating with the British Gas Industry. This policy continues today in an ever-widening scope of activities, which are directed to the comfort and convenience of the consumer.

## SERVOWARM SYSTEM 77. The greatest advance ever in gas central heating

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## CONVERSION To Britain's natural gas

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## SIMPLICITY Central heating products for the specialist

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## Britain's gas is the great British way of saving energy

Most Servotomic products depend on reliable gas. And it's Britain's gas which is going to make our products even more economical in the future. Our Energy Conservation Programme is slashing factory fuel bills by 20% and more. With a pay back in less than four years.

Servotomic is a British company. Its engineers have visited literally millions of Britain's Homes, to advise and work on appliances fired by Britain's gas.



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## 'Side issue' starting to gain world attention

by Roger Vielvoys

In the blaze of publicity that recommendations for introducing the same sort of co-ordinated structure for natural gas prices that exist for oil. For good reasons gas has always been a side issue at previous Opec meetings. Sorting out the complex issues surrounding oil prices has been a full-time occupation for most members and only now does there appear to be sufficient time to concentrate on gas. Also, on the organization's own admission, probably only a third of the world's gas reserves lie within Opec countries and for historical reasons gas has only provided a fuel for homes and industries within pipelining distance of the gasfields, restricting the amount of gas that was available for export.

In fact, international trading in gas is a fairly recent

development. It has grown with advances in technology for liquefying gas and transporting it by tanker and the efforts of the pipeline builders, who have proved that, provided the money is available, there are few physical hazards they cannot overcome and that distance is no longer a barrier to piping gas.

Opec obviously feels that these developments have provided a base broad enough for gas exports and that co-ordination of prices will not significantly affect the profitability of the potential market. Many observers in the consuming countries are surprised at the timing of the Opec initiative as they feel that the gas export market is still vulnerable to price movement.

So far Opec has made no mention of using the co-ordination of pricing policies to raise international gas prices. In the official communiqué issued after the Libreville meeting in June, the organization stated that co-ordination was designed to bring gas pricing policies into line with the Opec oil pricing policy "taking into account the premium available attributable to natural gas due to its specific advantages".

To Opec watchers this statement has ominous tones and smacks of the language used in the past to disguise oil price rises through complicated revisions in the already complex oil price structure. Opec experts have a number of occasions pointed out that natural gas is under-priced compared with oil because of these "specific advantages" of its high energy value and its pollution-free burning characteristics.

If direct comparisons with oil are to be used as the yardstick for co-ordination, substantial increases can be expected for all export prices. However, if the experts interpret their brief as coordinating prices within the present widely-ranging structure, increases in many areas would be negligible but there might be substantial increases in a few of the contracts written in the 1960s in an earlier era of gas trading.

The biggest obstacle for Opec to overcome in producing a pricing policy will be the system of contracts that tie gasfields into a specific market. A pipeline built from a gasfield to a distribution system makes it almost impossible for a producer to switch to a new customer without big capital expenditure and large revenue losses while capital investments are made to take the gas to the new buyer.

Liquefaction and transport by tanker gives a little more flexibility but not on the same scale as crude oil trading where supplies can be diverted to almost any part of the globe at a moment's notice.

The architects of the moves to devise a coordi-

nated gas pricing policy are Iran and Algeria, the two largest gas producers in Opec. Iran's reserves of 70,000,000 million cu ft of gas are second only in size to the massive 650,000,000 million cu ft of reserves in the Soviet Union. Algeria (105,000 million cu ft) takes fourth place in the reserves league behind the United States with 247,000,000 million cu ft. Other major gas owners are Holland (32,000,000 million cu ft), Canada and Saudi Arabia (50,000,000 million cu ft) and Britain (45,000,000 million cu ft).

Iran and Algeria have made attempts to coordinate prices and Iran has been involved in a similar exercise with Kuwait, this time on the price of liquid petroleum gas (LPG), a valuable by-product of refining. As Opec states, increasing the number of crude oil processing units within their own countries larger amounts of LPG will be available and for this reason it may be necessary to include this type of fuel in the current co-ordination study.

Co-ordinating prices will also have to take into consideration the rigid policy of pricing gas import prices in the United States. The United States is desperately short of natural gas, consuming almost 60 per cent of the gas used in the world but sitting on less than 12 per cent of the world's total proved reserves.

Unless substantial domestic reserves are found and developed in the next few years, existing reserves will be seriously depleted within 12 years. However, the amount of natural gas imported from Opec countries is still small compared with the total home production and could be stopped without there ever being a confrontation over prices. Stopping the huge amounts of gas that flow into the pipeline transmission system from Canada would, however, produce difficulties for American consumers.

European gas consumers might be less able to hold out against a concerted attempt to increase prices. Algeria and Libya ship gas into southern Europe and the part North African supplies will play in meeting continental gas requirements will increase when a trans-Mediterranean pipeline from Algeria to Italy is completed. The bulk of Europe's supplies come from Holland and the Soviet Union, which has massive surpluses of gas (mostly in inaccessible parts of Siberia). Norway is about to break into the gas export business with gas from the Ekofisk field in the North Sea.

Outside Europe and North America, the principal market for Opec gas is Japan, which already receives gas in liquefied form from Alaska and Brunei and is planning to step up its imports with supplies from Iran and Indonesia.

The full capacity of the Frigg and Brent fields can be taken into the national grid. Because the pipeline system will be completed before the two fields it is intended to serve go into production, the first gas travelling down the new system will go from south to north until next year when the first offshore flow is expected. Historically for Scotland, the flow will then be reversed from north to south.

The first announcement of the St Fergus terminal caused a considerable public protest in the North-east. The original site selected, near the Loch of Strathbeg, would have severely disrupted a well known wintering place for wild fowl. After considerable pressure from conservationists, the council revised the plan and moved the 500-acre site near by.

The terminal for the total pipeline leaves ample space for expansion if other gasfields are discovered in the North Sea and St Fergus could become the landfill for other smaller fields not viable on their own but worth while if their production could be coordinated with other similar reserves. The Government recently announced that a study group would be set up to look into this possibility.

The more important significance to the Peterhead

## New North Sea reserves for 1980s

The discovery of new gas reserves in the northern part of the North Sea, some of it associated with oil, has assured the British Gas Corporation of adequate supplies to fuel its planned expansion programme into the 1980s.

Signing the contract for a possible 1,000 million cu ft a day of gas associated with oil from the Brent oilfield east of Shetland almost guarantees that the corporation will be selling up to 6,000 million cu ft a day in the 1980s.

However, the gas is still not ashore and the difficulties with the development of the Frigg gasfield have shown, winning gas from the depths east of Shetland is a far more difficult and demanding task than bringing gas ashore from the fields in the much shallower southern part of the North Sea.

It seems likely that more gas will be found in the northern offshore waters either in association with oil or in reservoirs that contain principally gas. Estimating any offshore hydrocarbon deposit contains many uncertainties but where gas is dissolved in oil, the complications are even greater.

The problem lies in the vast differences in the amounts of gas that have been discovered in association with oil. Some fields have had less than 100 cu ft of gas for each barrel of oil found while others, like the Brent field, yield nearly 2,000 cu ft a barrel. The North Sea also appears to be rich in condensate, a light hydrocarbon liquid similar to petrol. In some of these fields the gas ratio to a barrel of condensate could be as high as 5,000 cu ft.

British Gas expects to receive its first gas from the Frigg field early next year but delays in the offshore construction programme, as well as the sinking of the first drilling platform last August, have delayed the programme for at least 18 months and probably for two years.

Development of the field, which straddles the line between British and Norwegian waters, is being undertaken as a single unit by two French-owned groups, Elf Norway is the operator for the design, construction and installation of the five offshore platforms needed to get the gas to a reception terminal at St Fergus in Aberdeenshire. Total Oil Marine group is responsible for building the 22in parallel pipelines and a concrete booster station that will be installed 180km down the 350km route.

The field is being developed in two phases and the difficulties have occurred on the first stage covering reserves on the British side. A steel jacket built in France for the Ray McDermott group sank about three kilometres from its drilling position on the field last October.

The accident was caused by the collapse of the floatation equipment under pressure. Two of the legs of the jacket were also damaged when it sank.

After two unsuccessful attempts to refloat the 6,500-tonne structure, it was finally lifted from the seabed earlier this month. However, the French engineers then discovered that damage to the structure was more extensive than at first thought. All intentions of using the jacket for the first drilling platform had to be abandoned and Elf put into operation its complex and expensive contingency plans.

The concrete pipeline booster station has already been converted into a drilling platform and can be moved on to the field to begin drilling production wells. Work has also begun in Sweden on a replacement booster station.

The steel jacket has been towed to the centre of the gasfield where it will undergo a more detailed survey of the damage. There are still hopes that repairs can be made and that the jacket, with its drilling modules, in mothballs onshore, can be used in a later stage of the development.

The sinking of the platform has been expensive and time-consuming, and has contributed to the near doubling of the development costs, which are now close to £800m and could go higher.

The full 1,500 million cu ft of gas a day will not be available until the second phase, the development of reserves in Norwegian waters, is completed in 1979. Meanwhile experts are working out how much of the reservoir is in British waters and how much in Norwegian. It is thought that the division is roughly equal, but with so much revenue at stake the figures must be very accurate.

Production of oil from Brent is expected to begin in 1977 but until the pipeline is ready in 1979 or 1980 the gas produced with the oil will be injected into the reservoir. The contract with British Gas calls for a minimum gas flow of 500 million cu ft a day but it is generally expected that the field will be capable of yielding 1,000 million cu ft.

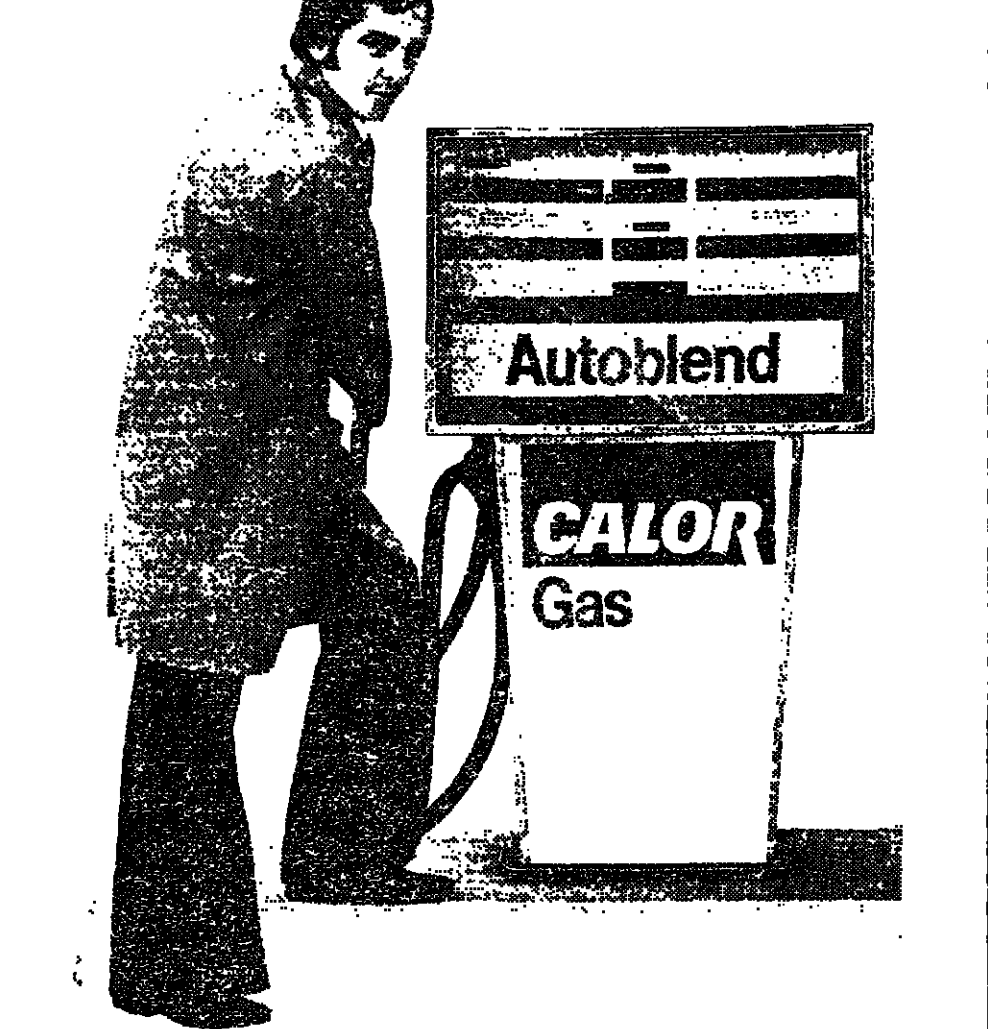
While all the large gasfields in the southern part of the North Sea are under contract to British Gas, there are a number of smaller fields still undeveloped. The oil companies that have found these fields say that at current prices it would not be economic to develop them although British Gas is convinced that it will sign up these reserves over the next three to four years.

Last year the southern North Sea fields produced an average of nearly 3,500 million cu ft of gas a day. A number of fields are still in the final stages of development.

Source: Department of Energy.

R.V.

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## Underrated energy source

by Ronald Faux

Oil may dominate the headlines, but natural gas remains an immensely valuable part of the North Sea's store of energy. The Frigg gasfield straddles the British and Norwegian sectors of the oil-rich spine of discoveries east of Shetland.

It is being linked to the mainland by pipeline which will feed the national grid through what could become the largest gas treatment plant in the world at St Fergus, north of Peterhead.

The financial agreement between the British and Norwegian governments, joint owners of the Frigg gas, remains for commercial reasons a closely guarded secret. The Norwegians have been prevented from piping away their share of the reserves to their own shores by a deep trench in the seabed off the Norwegian coast.

This has directed the full store of natural energy in Britain and when the St Fergus terminal is in full production, taking gas from both the Frigg and Brent fields, it will supply at least a third of total British gas requirements.

The British Gas Council, which is developing the terminal and its onshore system of pipelines and compressor stations at a total cost of £350m, says the project is on target. It is a considerable achievement in the teeth of Gampian gales and wet weather during last autumn and spring.

It is hoped that the Frigg field will begin production in 1977 followed by Brent about two years later. The build-up will be over a two-year period reaching 1,400 million cu ft of gas a day from Frigg and a minimum of 500 million cu ft from Brent.

The council is optimistic that gas production from Brent could be double the original cautious estimate and that final production could amount to nearly 3,000 million cu ft a day in the 1980s.

The transmission system connecting St Fergus with the national grid is under construction and is an immense undertaking. The pipes are being laid in 40-50 mile sections from the top of Buchan to Carlisle, Preston and Bishop Auckland. A third line has been added to the original two from St

Fergus so the full capacity of the Frigg and Brent fields can be taken into the national grid.

Because the pipeline system will be completed before the two fields it is intended to serve go into production, the first gas travelling down the new system will go from south to north until next year when the first offshore flow is expected. Historically for Scotland, the flow will then be reversed from north to south.

The first announcement of the St Fergus terminal caused a considerable public protest in the North-east. The original site selected, near the Loch of Strathbeg, would have severely disrupted a well known wintering place for wild fowl. After considerable pressure from conservationists, the council revised the plan and moved the 500-acre site near by.

The terminal for the total pipeline leaves ample space for expansion if other gasfields are discovered in the North Sea and St Fergus could become the landfill for other smaller fields not viable on their own but worth while if their production could be coordinated with other similar reserves. The Government recently announced that a study group would be set up to look into this possibility.

The more important significance to the Peterhead

area if the St Fergus terminal is "purified" and pressurized into the national grid system, is the possibility of other projects being developed which would use the Frigg and Brent gas as a feedstock.

A Scandinavian consortium formed by Norsk Hydro of Norway and Supra of Sweden, have applied to build a liquid ammonia plant near Peterhead which would process Frigg gas and dispatch production by pipe to a tanker jetty in Peterhead.

There was considerable opposition to the scheme at a recent local inquiry but many of the economic benefits to the region were clearly attractive and the local authority gave the scheme their backing.

Mr William Adams, north-east area officer of the Scottish Council (Development and Industry), regards this spread of "downstream interest" as a healthy sign that Scotland is attempting to build longer-term industry associated with the North Sea. The raw gas could be highly attractive to petrochemical companies prepared to move into the Peterhead area, given positive government encouragement.

If the ammonia plant was allowed, it would provide not only a basic material for fertilizer production but a foot in a new, capital intensive industry for the Peterhead area.

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## Consumers have better chance with complaints

by Patricia Tisdall

The gas industry has always been acutely aware of the need for a speedy solution to the difficulties of its consumers. For this reason, it has not only set up a highly satisfactory system for dealing with complaints, but also a highly satisfactory system for dealing with complaints. The system is based on the principle that the consumer should be able to get a speedy solution to his problem. The system is based on the principle that the consumer should be able to get a speedy solution to his problem. The system is based on the principle that the consumer should be able to get a speedy solution to his problem.

The council is aware that the subject of a report or representation made by a regional council or which appears to the council to be a matter which should be considered. The council has taken this brief to include safety as well as other areas of complaint. As Baroness Macleod pointed out in presenting the NGCC's annual report, although there has been a dramatic decline in deaths from gas (from 876 10 years ago to 50 last year) safety problems remain. In particular, the council was alerted to the high incidence of people suffering from carbon monoxide poisoning in bathrooms because of inadequately ventilated or improperly serviced water heaters. It was evident, it concluded, that the old Gas Council warning notices were inadequate. In many instances they had been defaced or discarded.

The regulations which came into effect on December 1, 1972, state, for example, that it is an offence to use a gas appliance knowing or suspecting it to be unsafe. They also require a user who discovers gas escaping immediately to "shut off the supply of gas at such place as may be requisite to prevent the gas from escaping". He must also notify the area board of the escape as soon as practicable if the leak continues after the supply has been shut off and not to reopen the supply "until all necessary steps have been taken to prevent the gas again from escaping".

These little known regulations place onerous responsibilities on gas consumers. But until the NGCC took the matter up they were not publicised either by the Government or by the British Gas Corporation. The council has now published a leaflet explaining the parts which affect consumers most directly. It illustrates the procedure in the event of a suspected gas escape, reminds the consumer to ensure that there is adequate air circulation for gas appliances and warns them that installations or repairs should be left to "competent persons" only.

However, it is only one part of the equation to threaten a household with a fine if he uses a leaky gas stove or water heater. The other is to ensure that a speedy repair service, with adequate spare parts, exists to put the fault right quickly.

The sizable amount of research and development of British Gas, involving 1,400 staff and an annual budget of about £12m, has not only contributed to the big changes in United Kingdom domestic gas technology over the past 20 years, but has resulted in a highly successful export business. One of the most important of these export developments is a \$10m (about £4,545,450) programme to develop a commercial process to produce a substitute natural gas from coal. This is being sponsored by the Continental Oil Company (Conoco) and 13 other United States companies.

Coal gasification in general means the upgrading of coal into a gaseous form which can easily be purified, transported over long distances and efficiently used. The process is carried out in steam and oxygen at high pressure and, by varying temperatures and pressures, the proportions of hydrogen, carbon oxides and methane in the gas can be varied. One well-known process uses the Lurgi gasifier, originally developed in Germany and introduced in various countries in the 1950s and 1960s. One Lurgi plant has been operating at the British Gas Westfield Development Centre in Fife. This is now the only remaining plant of its type in Western Europe.

Westfield has already completed two significant gasification projects. In one extended demonstration, using a variety of coals and producing different qualities of gas. "Then," says Dr Dennis Hebbden, programme director of the Westfield centre, "we shall be ready with our sponsors to exploit the gasifier commercially." In the United States many oil gasification plants based on British technology have been built to make substitute natural gas as the demands for natural gas outstrip the supply. But oil gasification is seen only as a short-term solution, and the emphasis is now on using the country's huge coal resources as the raw material for its substitute natural gas.

## Petrol's years of plenty

by G. W. Battison

is one thing that can be expected with confidence out of petroleum (and its derivatives) is that there will be a lot of it. Just how much is a matter for conjecture, but the rich harvest of North Sea oil will ensure that five years hence the country available may well increase several times.

To quantify that, bearing in mind the fact that 1975 production of United Kingdom refineries will be in the region of 1,400,000 tons, one informed source suggests that by 1980 lpg from associated gases will be out 7,250,000 tons. And estimated quantities of crude from the North Sea refined here, the quantity available could be added by a further three million to four million tons.

North Sea oil is light oil and one result of this will be that the normal refining ratio of two to one in favour of kerosene (which is consumed by the transport) will be reversed in favour of propane. The latter is more expensive to store and transport because of its lower boiling point, but lpg marketers argue strongly in favour of adopting plant to the maximum technical standard, thus permitting either propane or butane to be used.

It is clear that a massive increase in lpg available will bring about a fundamental change in the image of the fuel, which has been regarded essentially as a premium product. It has a high specific gravity, a high calorific value and a high purity. As such it is well suited to steel cutting, the production of controlled atmospheres in metallurgical and other furnaces, and indeed to any process in which a high quality gaseous fuel is required.

Conspicuous successes have been achieved in the ceramics, heavy clay and lime industries, while there have been significant developments made in lpg burning equipment, such as Shell's recently introduced porous radiant burner and porous tunnel burner.

However, with vastly greater quantities becoming available, coupled with the relatively high cost of storage, less exacting uses may well become acceptable, including perhaps burning in power stations.

Just what effect this will have on price is difficult to determine. In recent years two factors have upset the accepted price levels: the oil companies' panic selling of lpg at an artificially low price prior to the arrival of natural gas and their consequent lack of sales to the gas industry for town gas manufacture; and the effect of rocketing prices of crude following the Middle East war.

By the spring of last year crude was about £35.37 a ton and lpg £40.45 a ton. Since then the gap between oil and lpg has widened but now shows signs of levelling off. When quantities increase, prices should come down, but it is unlikely that they will differ greatly from the price of natural gas—the two fuels being in many ways complementary and, to a large extent, likely to be sold into similar markets.

In the non-premium area the situation is highly competitive, especially when the installation merits full tanker loads. This is normally a case for direct supply by the oil companies. Interesting enough, the lion's share of such transport is undertaken by Calor's 400 lpg road tankers, although in terms of marketing the Calor group is mainly active in the small bulk business and the cylinder market. In the latter it is the largest operator; others include Shell Mex & B.P., BOC, Air Products and three regions of British Gas.

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Interest in double glazing and thermal insulation is running high, quite likely because these seem obvious ways to save heating costs. But the value of comprehensive temperature controls when applied to a central heating system is also becoming increasingly appreciated by discerning homeowners.

As the value of these unobtrusive devices is not as readily apparent as other methods, let us review their advantages. First, temperature controls are, quite simply, energy savers and can reduce fuel bills significantly without reducing comfort.

It is important to distinguish between "programmed" or "time" switches, and automatic temperature controls. Whereas time switches merely "control" heating by switching on and off at pre-set times, temperature controls maintain a careful and constant check on the heating requirements, and govern the system in a rational way thus minimising boiler operation and heat wastage.

Secondly, an adequate control system can provide savings equivalent to cavity wall insulation or double glazing at a fraction of the initial cost. According to the controls group of the Home Manufacturers' Association—the heating industry's professional body—their roof and wall insulation combined will save 15% of a typical heating bill every year; a control system could save 20%.

The comparison with double glazing is even more striking since applied to an average house this would save only 7% overall—and take generations to return the capital investment! According to Honeywell Ltd., a leading company with experience covering many parts of the world, a good control system achieves these remarkable savings by dealing automatically with three critical aspects of a central heating system which are typically ignored. These are (1) direct boiler control, which reduces boiler "on" time to the minimum, day and night the year round; (2) direct control of hot water which avoids any over-heating, again reducing boiler firing; and (3) direct control of room temperature which with sensitive thermostats can hold temperatures in comfort yet at reduced heat requirements.

The company states that an excellent control system can be installed for around £20 complete. The firm provides homeowners and heating installers with technical literature and advice concerning total control systems to suit any heating need. In addition to centralised automatic control, thermostatic radiator valves can be used to provide individual control of selected radiators—a useful "plus" to prevent overheating of areas with variable heat gains.

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However, Calor sees its expansion in the automotive field. Lpg has long been established as a fuel for fork-lift trucks and several markets have dabbled in the exploitation of the fuel for fleet vehicles, but Calor's recent promotion of Autoblend is the first in this direction. The move is viewed somewhat cautiously by the oil companies who, although interested in selling lpg, are primarily concerned with their petrol sales. Moreover, they might see the Government for additional revenue by stepping up the tax at present 50 per cent of that on petrol. Calor's view is that the duty on lpg should logically be less than that on petrol because lpg contains fewer British thermal units a litre and because it offers significant environmental advantages. Moreover, the product is there in quantity—or at least it will be—and it is difficult to imagine any government failing to exploit one of the bonuses from the North Sea.

The author is editor-in-chief, Gas World Group

## Science finds natural way to profits

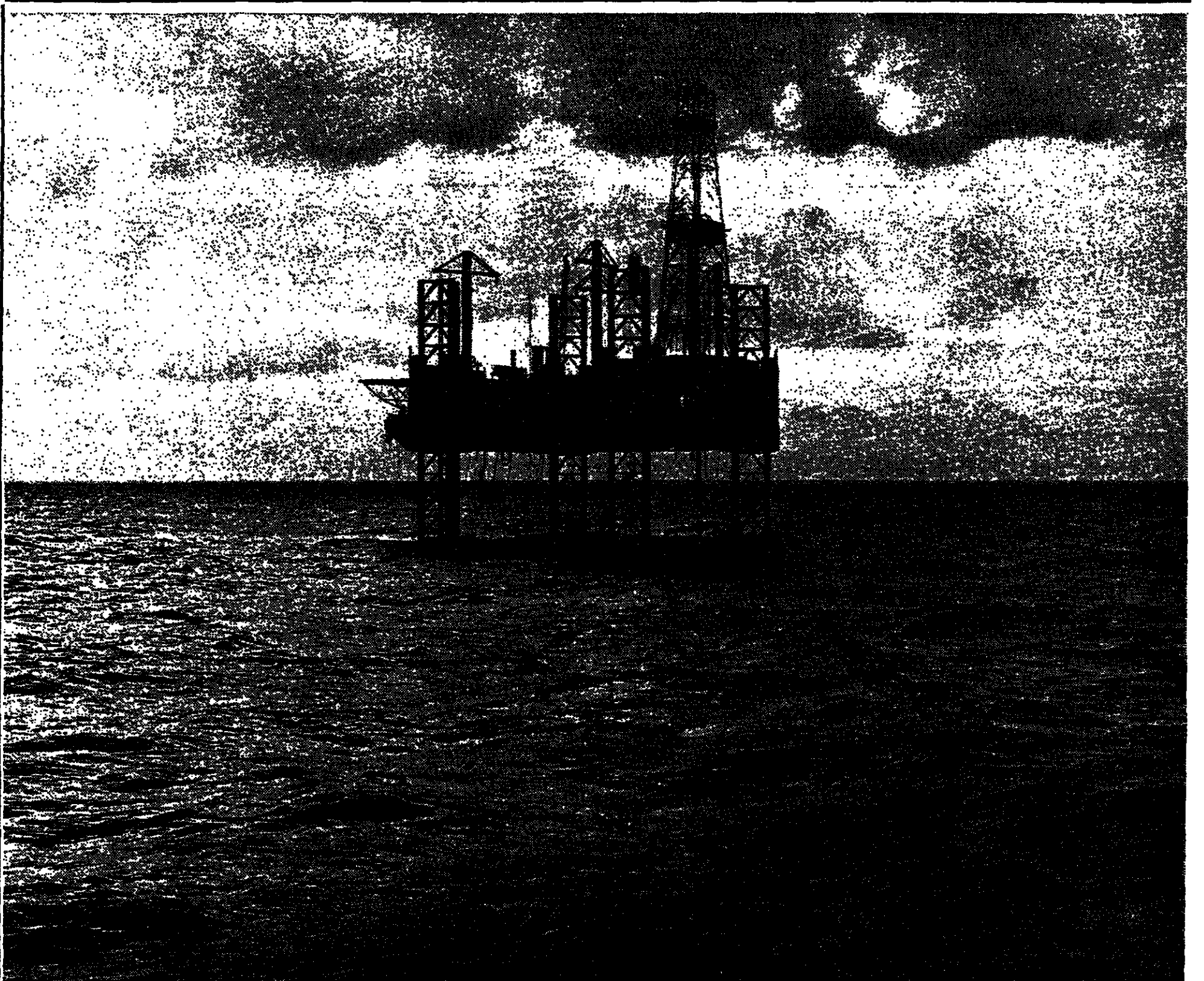
by Kenneth Owen

The Lurgi process was purified and its methane content increased, resulting in a manufactured gas which closely resembled natural gas. This was fed into the normal natural gas distribution system for Scottish gas consumers, who became the first in the world to use a substitute natural gas made from coal. In the other the Westfield scientists proved that the Lurgi process, once thought suitable only for a restricted variety of coals, could cope successfully with different coals from the eastern United States.

These were important steps towards the efficient use of the huge coal reserves of North America. The present Conoco project is a further advance which, if successful, will enable another technique to be deployed in the United States response to the energy crisis. There the aim is to develop and demonstrate on a commercial scale what is known as a high-pressure slugging gasifier. This is a British invention from the later 1950s which proved successful in a pilot-plant version but whose extension to prototype commercial scale was postponed because of oil gasification and the advent of North Sea gas.

Compared with the Lurgi process, the high-pressure slugging gasifier needs less steam, is more efficient and is more economical. After the present development phase, performance trials will be followed by extended demonstrations, using a variety of coals and producing different qualities of gas. "Then," says Dr Dennis Hebbden, programme director of the Westfield centre, "we shall be ready with our sponsors to exploit the gasifier commercially."

In the domestic, commercial and catering areas of gas consumption, Watson House, Fulham, is the centre for research, development and testing. Only a mile away the London Research Station provides and develops mathematical services and computing techniques; deals with chemical and microbiological aspects of gas production, treatment, storage, and distribution; provides a centre of skill in chemical and physical methods of analysis for the industry in general; and studies basic physical and chemical problems as a background to support the project-oriented work. At Killingworth, near Newcastle upon Tyne, the Engineering Research Station handles research and development on mechanical engineering design, materials technology, distribution and storage of gas. It has a unique laboratory in which gas distribution at medium and low pressures is studied as a technology in its own right, and covers a wide area in high-pressure gas transmission.



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